

GW Joynson & Company Limited Brokers since 1890

Futures brokers for the 1980's

Call Mark King on 01-283 9060

Receivables House, 7a Laurence Pountney Hill London EC4R 8DA. Telex 25534, WARROR

FINANCIAL TIMES

Saturday May 24 1986

سكنا من الاصل

Impeccable timing.

BAUME & MERCIER GENEVE 1830

Manufactured in Switzerland at 27 Colfax Street, London W1

WORLD NEWS

Teachers lose key court case

The National Union of Teachers has lost an important test case over teachers' duties under employment contracts.

The High Court ruled yesterday that four local education authorities had been justified in making deductions from the salaries of teachers refused to take classes for absent colleagues.

The ruling is expected to strengthen employers in current talks on a new teacher contract, which centre on what is "ordinary" duties in existing contracts.

Weinberger pledge

US Defence Secretary Caspar Weinberger said the US would consult Nato over contingency plans for deploying chemical weapons in Europe.

Hindus strike back

Violence erupted again when Hindus called a general strike in Amritsar, India, in protest at the killing of 12 Hindus by Sikh terrorists.

Beirut bomb kills six

At least six people died and 72 were hurt when a car bomb exploded in a shopping street in Christian east Beirut.

Ballot on rail action

National Union of Railwaymen leaders decided to hold a ballot on industrial action among engineering members over planned job cuts.

10% cut in jobless

About 10 per cent of long-term jobless in time areas have withdrawn from the unemployment register since being called for interview under a new government programme.

No visas for Syrians

Britain suspended the issue of visas at its embassy in Syria, following the expulsion of three British diplomats from Damascus this month.

Burst tyre caused crash

The crash of an airliner near Mexico City in March, in which 167 people died, was caused by a tyre which burst after take-off and started a fire, an official report said.

Cyclone death toll rises

The death toll from the Solomon Islands cyclone passed 100 as rescue workers uncovered two dozen more bodies.

Fears for security talks

Concern is growing that the European Security Conference in Stockholm could end in failure after more than two-and-a-half years of talks.

Concorde decade

British Airways' first transatlantic Concorde service, between London and Washington, began 10 years ago today. Fastest flight was three hours and 15 minutes.

Sterling Hayden dies

Actor Sterling Hayden, who appeared in Dr Strangelove and The Godfather, died in California of cancer, aged 70.

70,000 to run for aid

Seventy thousand people are expected to run in London's Hyde Park tomorrow in the climax of the Sport Aid famine relief campaign. Up to 20m others around the world will also run.

Sun signs

Sunny intervals and showers are predicted for all areas of Britain today, with prospects of better weather later in the holiday weekend.

Financial Times

The Financial Times will not be published on Bank Holiday, Monday May 26.

BUSINESS SUMMARY

NEI to shed 800 jobs on Tyneside

TYNESIDE'S largest industrial employer, Northern Engineering Industries, intends to shed 800 jobs in its nuclear plant and turbine generator divisions. The redundancies stem from a fall in power station orders and attempts to cut costs in the turbine generator market.

The move is a further blow for the north-east, following British Shipbuilders' announcement that it would cut 2,600 jobs in the region.

FINANCE BILL proposals for cutting excessive pension fund surpluses are unlikely to restrict future pension increases as war feared.

TOKYO shares rose sharply on expectations of parliamentary elections in June or early July. Nikkei market average rose 287.85 to a record 16,204.98, surpassing the peak of 16,194.98 set on May 9.

ZINC producers raised their European selling prices, encouraging fresh gains on the London Metal Exchange.

cash position rose \$6.50 to a 1986 high of \$482.2 million, giving an advance on the week of \$29.75.

BOND DEALERS' international association is developing an index which would enable futures markets to launch contracts based on Eurobonds.

RATNERS jewellery chain agreed to terms for the takeover of H. Samuel, valuing the larger company at \$149m.

BELGIAN transport unions called off a national rail strike in protest at government spending cuts. Other public sector unions were considering their stand.

VIRGIN RECORDS unveiled a \$20m discount stamp scheme to boost business on Virgin Airways flights over the North Atlantic.

GEEVOR Tin Mines, Cornwall, has made a fresh application for government aid as part of a \$25m plan designed to cut costs and double output.

LONDON and Manchester, Exeter-based life insurer, said that Ian Henderson, general manager of the investment arm, had resigned after conflicts over investment strategy.

GENERAL ACCIDENT, insurance group, is to buy 80 estate agents' offices in southern England trading under the names Fox and Sons, Whiteheads and Braxtons.

HANSON TRUST director Anthony Alexander is to take over as chairman of Imperial Group, acquired by Hanson last month, from Geoffrey Kent, who is to retire.

STANDARD Chartered Bank called Lloyd's Bank's \$1.2bn bid misconceived and said it grossly undervalued Standard's shares.

EXTEL GROUP, information concern, withdrew from the advertising business by selling Royds Advertising Group to McCann-Erickson for \$12.5m.

MARKETS

DOLLAR New York lunchtime: DM 2.37875 FF 7.248 SFR 1.856 Y169.65

STERLING New York lunchtime: \$1.4945 London: \$1.498 (1.493) DM 3.405 (3.4035) FF 10.835 (same) SFR 2.82 (2.8225) Y235.75 (233.75)

LONDON MONEY 3-month interbank: closing rate: 10% (10.4)

NORTH SEA OIL Brent 15-day June \$14.45 (\$13.75)

STOCK INDICES FT Ord 1,331.4 (+15.1) FT-A All Share 793.73 (+0.9%) FT-SE 100 1,617.4 (+18.6) FT-A long gilt yield index: High coupon 9.11 (9.13)

US LUNCHTIME RATES Fed Funds: 6.75% 3-month Treasury Bills: yield: 6.37% Long Bond: 9.7% yield: 7.45%

GOLD New York: Comex June latest: \$342.6 London: \$342.25 (\$341.0)

CONTINENTAL SELLING PRICES: Austria Sch 30; Belgium Bfr 45; Denmark Dkr 5; France Ffr 6.50; Germany DM 2.20; Iceland Ekr 50; Italy Lit 1,500; Malta Mta 200; Netherlands Gld 2.30; Norway Nkr 7.00; Portugal Esc 20; Spain Pta 125; Sweden Sfr 7.00; Switzerland Fr 2.20.

Botha's party faces challenge for loyalty of police

BY ANTHONY ROBINSON IN PIETERSBURG, NORTHERN TRANSVAAL

SOUTH AFRICA'S ruling National Party cannot rely on its own police force to defend its supporters against the far-right Afrikaner Weerstandbeweging (resistance movement) in the Boer heartland of the northern Transvaal.

This is the conclusion angry NP members were drawing yesterday, as black workers cleared away the debris from Pietersburg City Hall, where hundreds of cheering AWB supporters and strong-arm men prevented Mr Pik Botha, the Foreign Minister, from addressing a party rally on Thursday night.

Official said yesterday, "General Johan Coetzee (chief of police) promised 200 of his best men to guard the meeting. But only 20 young kids turned up and they spent most of the evening sitting under their feet or on the ground." It took a direct order from President P. W. Botha to clear the hall before the police took any action, he said.

You can understand it. The police have had a terrible time over the past two years, long hours of overtime, weeks away from home, being stoned, shot at and petrol-bombed in the town square.

liberation movement), and God help us all if that happens," the party official added.

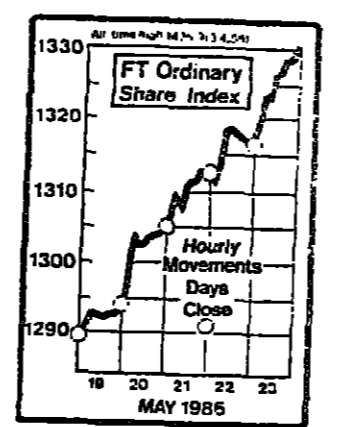
Even before Thursday, the Government was convinced that far-right reaction to its reform programme was more of a threat to South African stability than the black revolt which has cost over 1,500 lives in 15 months. Not even the military raids this week on alleged ANC targets in three neighbouring countries have placated the Afrikaner right.

Shares gain ground as base rates fall

BY WALTER ELLIS AND GEORGE GRAHAM

PRICES ON the London Stock Exchange moved ahead more vigorously yesterday than on any day since April, following the latest cut in bank base rates.

Midland Bank was the first of the clearers to follow the lead given by National Westminster Bank on Thursday. It dropped its rates by half a percentage point to 10 per cent.



of any further cut in UK rates could depend on international interest rate movements. A cut in Japanese rates is widely predicted in the coming months, but analysts are more cautious over the prospects for lower rates in West Germany or the US.

The West German Bundesbank made no move to cut its 2.5 per cent discount rate at its fortnightly meeting this week. It is still widely thought to be reluctant to bring rates down.

Discussion about the possibility of a cut in US discount rates has increased in the wake of the dollar's recent revival.

The dollar has recovered by more than 5 per cent in the last two weeks from its low point against the D-Mark and the yen. Although the US authorities had voiced some concern over the speed of the dollar's earlier fall, too marked a recovery would cause greater anxiety.

Mr Geoff Dennis, of broker James Capel & Co, said: "Two weeks ago the dollar was another argument against an interest rate cut. Now the strength of the dollar may open

Thatcher appeals to US tourists

BY PETER RIDDELL, POLITICAL EDITOR

MRS THATCHER yesterday made a direct television appeal to Americans to come to Britain in the face of a sharp drop in tourism caused by fears of increased terrorism.

During a series of interviews on television and cable television—broadcast at breakfast time in the US—she said: "We are living a perfectly normal life here, with no special precautions and the chance of someone getting struck down by terrorism is about the same as them getting struck by lightning."

In an impassioned appeal she remarked on the tunes of a band rehearsing for the Trooping the Colour ceremony on Horseguards Parade, behind Downing Street, and said: "Please come! Please change your mind. We miss you!"

In the wake of the British Caledonian redundancies and cuts in transatlantic flights Mrs Thatcher conceded that American fears had hit Britain's economy badly, because 25 per cent of the UK's tourists come from the US.

Mrs Thatcher also used the coast-to-coast broadcast to appeal to the US Senate to approve the treaty permitting the extradition of terrorists of all categories to Britain.

She said: "You cannot pick and choose between terrorists. They are all murderers and bombers and against democracy. You simply cannot say to Britain, we want you to help us to fight terrorism common to us both, but nevertheless, if some Irish terrorists attack you, they will find a safe haven in the US. You cannot say that."

"We need the extradition treaty and so does America, because we all stand together against men of violence and terrorism. It would be wrong for America to deny it," she said.

Mrs Thatcher referred to the recent expulsion of three Syrian

diplomats from the US. She made the communiqué of May's Tokyo summit stated that there had to be clear evidence of state-sponsored terrorism for action to be taken, as in the case of Libya.

"We, at the moment, have no such evidence against Syria of state-sponsored terrorism of anything like the kind that pertains in the case of Libya, but nevertheless, if we did, then we would have to get together and consider what action we take against any such country."

The Prime Minister talked warmly about the US despite the concern over the use of British bases for the bombing of Libya. She said she had no doubt that most British people "know what they owe to Nato, but also believe that we are a full partner of the US in defending freedom and justice the world over."

She referred to the parliamentary visit to the Soviet Union, headed by Lord White-law, Leader of the Lords, which started yesterday. The letter she had sent via him to Mr Mikhail Gorbachev, the Soviet leader, underlined her belief in the desirability of a second US/Soviet summit, she said.

The letter covered arms control problems and the desirability, following Chernobyl, of the Soviet Union giving a pledge of good faith. An easy way of doing this would be by allowing more Soviet Jews to emigrate to Israel.

Mrs Thatcher also said that the issue of chemical weapons talks would be raised by Lord White-law, in particular the western belief that the Soviet Union is holding up progress in this area.

Mrs Thatcher said that Mr Gorbachev was quite different from any other Russian leader she had ever met. She referred in particular to his willingness to enter into genuine debate and discussion.

Bank of England's downgrading of Liverpool branch attacked

BY IAN HAMILTON FAZEY AND DAVID LASCELLES

THE Bank of England is to reduce its branch in Liverpool to the status of an agency. The plan was attacked yesterday by Merseyside's business community amid fears that it could affect confidence in the region and its financial services sector.

The Bank is also to downgrade its branch in Southampton as part of a move to adapt its representation to changes in banking. That will leave it with full branches at Birmingham, Bristol, Leeds, Manchester and Newcastle. The Glasgow branch was downgraded in 1983.

Mr Keith Robinson, director of Merseyside Chamber of Commerce and Industry, said: "We are desperately worried about confidence, morale and image. The feeling many of us have is that Liverpool is starting to be abandoned by the establishment."

In 1984 there was a row on Merseyside when another Liverpool operation of some-day clearing in Liverpool was scrapped. This resulted in local traders in commodities reporting the clearing banks to the Office of Fair Trading, alleging that they had acted as a monopoly.

The Bank's long-standing agent at Liverpool, Mr Norman Broderick, retired last year. Cashless transactions have reduced the demand for bank-

notes and economic monitoring can be carried out by a small team in the redeveloped Albert Dock complex.

The directors of the Bank can hardly have been unaware of the implications of the decision for local confidence, because one of the non-executive directors is Sir Leslie Young, chairman of the Bibby group, who was knighted for his work as the first chairman of the Merseyside Development Corporation, the government agency in charge of reviving Merseyside's redundant dockland.

Liverpool remains an important centre for financial services. But there has been an exodus of senior and key personnel to Manchester.

The closure will save the Bank at least £70,000 a year in costs to Liverpool City Council.

Some petrol price rises likely

BY MAX WILKINSON

SOME LEADING oil companies are preparing to raise petrol prices early next week.

The size of the increases will depend on the ferocity of local competition. Texaco said yesterday it would like to move from a national average of about 159p for a gallon of four star to between 165p and 168p.

The increases will probably be forced by cutting support given to those retailers now offering the largest discounts.

Pump prices in some parts of north-west England have fallen to 145p for a gallon of four star, while in remoter parts of Scotland and Northern Ireland the price is about 179p.

Mr Owen Jenkins, Texaco's UK general manager for marketing and sales, said yesterday the company was making

a loss on petrol sales at present prices. It needed an increase to reach its target of a return of 12 per cent on assets employed in the petrol distribution business.

Mr Jenkins led the call for a rise in prices in January 1985 after the sharp depreciation of sterling. The price of a gallon of four star reached a peak of more than £2 soon after, before declining gradually.

Texaco has about 9 per cent of the UK petrol market, giving it the largest share of sales after Shell, Esso and BP, the three leaders which control more than half the market.

None of the three leaders has made any announcement about raising prices. However they are believed to be considering

similar moves. One said there was a general feeling in the industry that prices had fallen too far.

It was likely that the larger petrol concerns would follow Texaco's lead but the company thought it unlikely that competitive force would allow prices to rise by more than a few pence for the time being.

Integrated oil companies have depended heavily on their downstream operations, including the sale of petrol, to maintain overall profits since the collapse of crude oil prices earlier this year.

Recently, however, a rise in crude oil prices on the world spot and futures markets and a fall in pump prices has put these profits in jeopardy.

Oil prices, Page 13

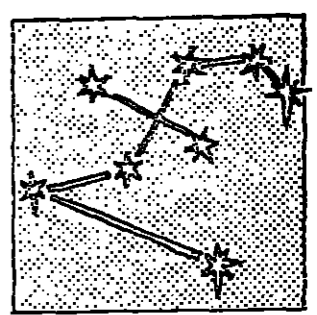
Table with 3 columns: Contents, Page, and Section. Includes items like 'Benetton: from rags to riches', 'University funding: a question of merit', 'Man in the news: Ruud Lubbers', 'FV's future: the command centre in the home', 'Editorial comment: facing up to a slower growth', 'Appointments', 'Foreign Exchanges', 'Money Markets', 'Overseas News', 'Recent Issues', 'Share Information', 'SE Dealings', 'Stock Markets', 'London', 'Wall Street', 'Sources', 'UK News', 'General Labour', 'UK Tourists', 'Weather', 'US/UK TRADE AGREEMENT', 'Other Markets'.

WEEKEND FT



GETTY'S ART

Old patron J. Paul Getty, dead a decade, is set to become one of the world's great art patrons.



STAR STRUCK

If your investments are doing badly, it may be because you are failing to take correct note of astrological influences.



BOOKS

Julian Critchley looks at Britain at work.



OUTDOORS

All the accoutrements of outdoor life—barbecues, garden furniture and swimming pools.

The M&G YEAR BOOK 1986. In M&G's Year Book you'll find 40 pages of facts and figures about our wide range of investment schemes: unit trusts, pension plans and savings plans. Send for your free copy now. Please send me a free copy of the M&G Year Book 1986. To: The M&G Group, Three Quays, Tower Hill, London EC3R 6BQ. Telephone: 01-626 4588.

Vertical text on the left margin, including 'tower' and 'president'.

Granville & Co. Limited

Table with columns: High/Low, Company, Price Change, Gross Yield, Fully P/E, Actual Yield. Lists various stocks like As. Brit. Ind. Ord., As. Sprung Group, etc.

BASE LENDING RATES

Table with columns: Bank/Institution, Rate, %.



Beirut bomb blast kills six

A powerful car bomb ripped through a busy shopping street (above) in the Christian Sin El Fil district yesterday morning where people had ventured out for the first time after two days of heavy shelling.

for Lebanon to be at peace with the entire universe if it was in conflict with Syria. Fierce bombardment of the Christian enclave and the Southern Sh'ite suburbs of Beirut on Wednesday and Thursday shattered a climate of relative stability.

of dynamite and mortar shells packed into a Renault 5, missed a school and two printing presses. Twelve buildings were badly damaged in the narrow crowded street and several cars were set on fire.

Ramadan closes Iraqi nightclubs

By Kathy Evans in Baghdad

SEVERAL THOUSAND foreign bar girls have been asked to leave Iraq over the next few weeks following a decision by President Saddam Hussein to cut back on the number of nightclubs which operate in the capital and other major cities.

Violence erupts as Hindus call Amritsar strike

By K. K. SHARMA IN NEW DELHI

VIOLENCE erupted again when the Shiv Sena ("God's Army"), an organisation formed to protect the minority Hindu community, called a general strike at Amritsar yesterday to protest against the killing of 12 Hindus by Sikh terrorists the previous night at the nearby town of Krishna Nagar.

Violence erupted again when the Shiv Sena ("God's Army"), an organisation formed to protect the minority Hindu community, called a general strike at Amritsar yesterday to protest against the killing of 12 Hindus by Sikh terrorists the previous night at the nearby town of Krishna Nagar.

Taiwan pilot defected of his own free will says crew

By Robert King in Taipei

CREW MEMBERS of the China Airlines cargo jet hijacked by a Communist takeover of Taiwan's coast guard, said the pilot defected of his own free will, and that the defection may have been arranged in advance with the Chinese.

held that violation of these "three No's" would open the door to a Communist takeover of Taiwan's coast guard.

Residents in Crossroads set to resist relocation

By Jim Jones in Johannesburg

HOMELESS people from the devastated Crossroads squatter camp outside Cape Town seem set to clash with the authorities this weekend as they attempt to rebuild their gutted homes rather than be relocated elsewhere.

Mrs Maggie Mbambo, a Crossroads civic leader who led a delegation which met Mr Heunis, claimed the police and vigilantes were working together to force residents to move to Khayelitsha.

He is also insisting that people will be obliged to move to Khayelitsha, an area set aside for blacks, which is further away from their places of work in Cape Town.

Reuter reports South Africa's trade surplus rose to Rand 973m in April from R782.9m in March, and was higher than the R775.5m surplus in April last year.

Aquino Government moves to spur economic growth

By Samuel Senoren in Manila

THE GOVERNMENT of President Corason Aquino yesterday opted for an expansionary monetary policy in what appeared to be a determined bid to prop up business activity and spur growth in the economy this year.

Exports rose to R3,06bn in April from R2,71bn in March, while imports rose to R2,11bn from R1,93bn.

The central bank initiated the move, cutting by 1 percent the point of the amount of reserve that commercial banks are required to keep against deposit liabilities to 22 percent from 23 percent since last year.

His resistance, together with that of the opposition parties, could still frustrate or delay Mr Nakasone's plan, which is to convene an extraordinary session of the Diet (Parliament) early next month with the intention of an almost immediate dissolution.

UK curbs visas for Syrians

By [Name] in [Location]

BRITAIN announced yesterday that it is suspending the issue of visas in Damascus. The action was taken because of staff shortages in the British Embassy following the Syrian expulsion of three British diplomats, writes our Middle East Staff.

The diplomats were told to leave in retaliation for similar action against Syrian embassy personnel in London whom British police had wanted to interview in connection with the attempt to smuggle a bomb on board an El Al airliner at Heathrow airport.

Nakasone may call poll

By Jurek Martin in Tokyo

MR Yasuhiro Nakasone, Japan's Prime Minister, is to hold a press conference today at which he may, according to some sources, announce his intention of calling a general election on July 6, or shortly thereafter.

ferred date for which had been June 22, appeared a probability before the Tokyo summit and a distant possibility immediately thereafter.

Jardine Matheson Holdings Limited 1985 Scrip Dividend. For the purposes of the 1985 dividend of Jardine Matheson Holdings Limited the average last dealt price of the Company's Ordinary Shares on the Stock Exchange of Hong Kong Limited for the five trading days up to and including 23rd May, 1986 was HK\$12.48.

PUBLIC NOTICE. As a result of strict exchange control regulations which for decades have been enforced by numerous countries throughout the world, the premier means of moving wealth without contravening these acts, was and is the acquisition and consequent disposal of fine PERSIAN CARPETS AND RUGS.

Handwritten Arabic text at the bottom of the page.

'Old Soldiers Never Die...' but as they 'fade away' they so often need our help. TO: THE ARMY BENEVOLENT FUND. DEFPT, 41 QUEEN'S GATE, LONDON SW7 5HR.

OVERSEAS NEWS

هكذا قال الامم

Belgium acts to reduce public sector

By Paul Cheeseright in Brussels

THE BELGIAN GOVERNMENT yesterday embarked on a determined attempt to reduce the size of its public sector through major spending cuts and tentative moves towards privatisation.

The reorganisation of the starting is without any doubt one of the most important of the country has ever known. Mr Wilfried Martens, the Prime Minister, told a noisy Parliament.

The Government is seeking not only to trim public spending which, after four years of economic recovery, is still running at a deficit equal to 11 per cent of GNP but also to diminish the importance of the public sector in the economy.

It has thus signalled a start to privatisation, notably of the telecommunications authority, and made clear that in future private investment will be sought for what previously have been public sector responsibilities, like the running of airports.

Wide ranging public spending cuts are contained in a budget for this year and next. The impact on the budget of this year will be limited, but in 1987 economies will rise to BFR 195bn, Mr Martens said.

The Government expects its net financing deficit this year to be BFR 65bn and next year BFR 62bn without cuts. The effect of the decisions it has just taken, after 47 days of negotiation in the cabinet, will

be to reduce the net borrowing need to about BFR 410bn. The aim is to cut it to 8 per cent of gross national product by the end of 1987.

Calculations of the effects of the cuts have been on the basis of an expected volume growth in GNP this year of 1.5 per cent and inflation of 2.5 per cent. Next year the GNP growth is expected to be 2.2 per cent and inflation 1.5 per cent.

Mr Martens suggested that although the cuts will act as a brake on the economy, they will be largely offset by the more favourable international economic environment. Lower interest rates for example will reduce debt servicing by BFR 29bn. Any increase in unemployment—currently over 12

per cent—will be absorbed in 1988.

Cuts fall most heavily on social security spending and education, but industrial subsidies are to be reduced and funds to the regions and local bodies will be less. The Government expects to save an unspecified amount by consolidation of its debt, about which talks will soon start with institutional investors.

Publication of the details of the Government's budgetary plans took place against the background of scepticism about whether the cuts would be as severe in their application as in their planning—a point of view shared by the Federation des Entreprises de Belgique and the Socialist Party.

Strains show through for Mitterrand and Chirac

By Paul Berts in Paris

THE difficult cohabitation between President Francois Mitterrand and the new French right-wing government has come under strain after the Socialists failed by five slim votes to block the Government's bid to streamline through the National Assembly changes in the French electoral system.

Relations between the Socialist President and Mr Jacques Chirac, the conservative Prime Minister, have been strained further by a fresh effort by Mr Chirac to show he plays a key role in foreign policy which President Mitterrand believes is, together with defence, his prerogative.

After insisting on attending the recent Tokyo summit of industrial countries, Mr Chirac has now needed President Mitterrand further by publicly stating his views on a number of major foreign policy issues including the US Strategic Defence Initiative (SDI) and South African sanctions.

In contrast to Mr Mitterrand's wariness over SDI, the Prime Minister told the French diplomatic press that he supported the programme and said France could not afford not to be associated with it. In contrast too with Mr Mitterrand, the Prime Minister said he opposed the idea of economic sanctions against South Africa.

Soviet diplomats face shake-up

The key Soviet Ambassadors have been recalled to Moscow for meetings this week following the biggest shake-up in the Soviet Foreign Ministry for over 20 years. Western diplomats said yesterday, Patrick Cockburn reports.

The recall of the ambassadors coincides with the appointment of two deputies to Mr Eduard Shevardnadze, the Soviet Foreign Minister, who replaced Mr Andre Gromyko after 28 years, last June.

The two new deputies to Mr Shevardnadze are Mr Yuli Vorontsov, former Soviet ambassador to Paris, and Mr Anatoli Kovalyov, both named as First Deputy Foreign Ministers, this week.

Weinberger pledges consultation on chemical weapons

By Hilary Barnes in Copenhagen

THE US Secretary of Defence, Mr Casper Weinberger, confirmed yesterday that the US will consult with the North Atlantic Treaty Organisation (Nato) over contingency plans for the deployment of chemical weapons in Europe, and said that planned production of the weapons will first begin when consultations have taken place.

"When our contingency plans are ready, we will consult with Nato as we always do, and we shall then be ready to go into production," he said at the end of a 26-hour visit to Denmark.

The US received Nato's approval for re-umption of production of chemical weapons after a lapse of 16 years when Nato defence Ministers in Brussels on Thursday approved Alliance countries' force goals.

There is, however, considerable opposition in the US Congress to the plan to produce chemical weapons again and Congress has made two conditions before it will release funds for the project. One is approval by Nato and the other is production of contingency plans for deployment of the weapons.

Some members of Congress have suggested that the Administration needs approval from the North Atlantic Council—the Nato Foreign Ministers including France—for the chemical production plan. But

Mr Weinberger said this was "a technical error." The Council does not have jurisdiction over force goals, which is the province of the defence ministers.

"The fact is, we believe we have secured Nato approval," he said.

Three countries—Denmark, Norway and Holland—recorded their objections to the plan at Thursday's meeting.

Mrs Margaret Thatcher, the British Prime Minister, said yesterday that the Soviet Union should stop making chemical weapons.

Mr Thatcher said criticism of the US, which plans to resume chemical-weapons production, is misplaced, AP reports from New York.

"It is the Soviet Union who is at fault in making and stockpiling chemical weapons," she told the US cable news network.

"It is they who should be asked to stop."

The US decision to resume nerve gas production has split the North Atlantic Treaty Organisation.

Some allies said Thursday the rift jeopardises chances of winning a global ban on chemical arms. Britain, along with West Germany and Canada, were the only Nato allies in full support of the US plan.

Cuts 'could delay Star Wars programme'

By Reginald Dale, US Editor in Washington

THE WHITE HOUSE yesterday warned that President Ronald Reagan's Strategic Defence Initiative (Star Wars) programme could be seriously delayed by drastic funding cuts called for on Capitol Hill this week.

The proposed cuts could set back the "informed decision" planned for the early 1990s, on whether to go ahead with the space defence system, it said.

The cause of the White House's concern was a letter signed by 46 Senators demanding a huge reduction in Mr Reagan's request for the programme for the coming fiscal 1989 budget year—from \$4.5bn (£2.2bn) to just under \$3bn.

The letter, signed by nine of Mr Reagan's own Republicans, represented a severe challenge to his plan for rapid increases in Star Wars spending at a time when the entire defence budget is under acute pressure on Capitol Hill.

Sponsors of the letter to the Senate Armed Services Committee said that with more time, they could have signed up more than half of the Senate's 100 members.

Mr Reagan's request will face even tougher opposition in the Democrat-controlled House, where pressure is growing to freeze Star Wars funds at this year's figure of \$2.6bn.

The 46 Senators called for spending on the programme to rise by no more than 3 per cent above inflation, compared with the 74 per cent requested by Mr Reagan.

Opponents unite in Dominican Republic

THE TWO leading candidates in presidential elections in the Dominican Republic yesterday agreed to join a government of national unity. Reuter reports from Santo Domingo.

Mr Jacobo Majluta of the ruling Dominican Revolutionary Party (PRD) and Mr Joaquin Balaguer of the Social Christian Reform Party (PRSC) made the announcement after a two-hour meeting at Mr Balaguer's house.

Before the announcement, the 78-year-old Mr Balaguer, a former president, was leading by 41,000 votes with the count 95 per cent complete.

Peace talks on Afghanistan suspended

By William Dullforce in Geneva

TALKS between Pakistan and Afghanistan on an Afghan peace settlement have been suspended until July 20 with two key issues unresolved. Mr Diego Cordovez, the UN mediator, said yesterday.

There was still a wide gap between the two sides over the timetable for the withdrawal of Soviet troops from Afghanistan, Mr Cordovez said. He would not specify what the other problem was, but said he had proposed a one-paragraph text to resolve it.

A suggestion that it concerns the mechanism for controlling implementation of a peace agreement was contained in a report by the Pakistani news agency on Thursday.

Quoting a spokesman for the Pakistani delegation in Geneva, the agency said Pakistan wanted the UN to play a supervisory role while the pro-Soviet regime in Kabul was opposed to any third party involvement.

No indication has yet come from any source about how a third issue, the integration of representatives of the Afghan opposition into a post-settlement government in Kabul, will be resolved.

Hopes for a political agreement on the future of Afghanistan grew after President Ronald Reagan and Mr Mikhail Gorbachev had discussed the subject at the US-Soviet summit meeting last November. Afghanistan has been in crisis since Soviet troops occupied Kabul in December 1979.

EEC food radiation check urged

By Quentin Peel in Brussels

A MONITORING system to control the radiation levels of all food imports into the EEC was proposed yesterday by the European Commission, as the next phase of safety measures in the wake of the Chernobyl nuclear disaster.

The controls would replace the current outright ban on all food imports from Eastern Europe, which expires on May 31. The ban has been bitterly attacked as arbitrary and unjustified by several of the countries affected.

The Commission plan would set an acceptable level of radioactive traces in all imported food stuffs of 500 becquerels, with a stricter level of 100 becquerels applicable to milk and baby foods.

Before it can come into force, it must be accepted by all 12 member states, whose officials held an inconclusive first round of discussions yesterday.

If they fail to agree either on a renewal of the current import ban, or on its replacement by some form of controls, it will surely lapse on May 31.

The Commission plan would cover all food imports, including processed and tinned products from all third countries, rather than simply Eastern Europe.

domestic production. A central monitoring unit would be set up in Brussels to pool information on any imports found with more than the agreed levels.

Experts believe that the greatest problem is now likely to be caesium 131 and 137, rather than iodine 131 which has been the major concern up to now. Caesium has a longer half-life, and can have a cumulative effect.

The proposed controls would cover all food imports, including processed and tinned products from all third countries, rather than simply Eastern Europe.

Others, however, regarded the Luxembourg settlement, ratified later by Italy (which had wanted more) and by Denmark (which had wanted less) as a valid step in the process of reducing the egotism of Europe's nation states.

OBITUARY

Altiero Spinelli: seer of grander Europe

By James Buxton in Rome

ALTIERO SPINELLI, the Italian Euro-MP who died in Rome yesterday at the age of 79, represented in its strongest form the Italian ideal of a united Europe.

He was author of a grand design, approved by the European Parliament in February 1984 as a draft treaty of European union. Under this, the European Parliament would have become far more important than it is now, and the present Council of Ministers would have acquired the powers of a supra-national Cabinet, presiding over a bureaucracy based on the present EEC Commission.

Mr Spinelli's political background was with the Italian left. He was a clandestine Communist in the 1920s and spent 10 years in prison or internal exile under Mussolini.

He became a devotee of European unity as propounded in the post-war years, not just by Robert Schuman and Conrad Adenauer, but by Alcide De Gasperi, Italy's greatest post-war leader.

Mr Spinelli, who was an Italian EEC commissioner with responsibility for industry between 1970 and 1976, was distressed at what he saw as the creation of a bureaucratic Europe, with little democratic participation in decision-making.

A POSITIVE MESSAGE ON CHERNOBYL FROM FRIENDS OF THE EARTH...

It need not happen again.

The nuclear accident happened 2000 miles away. Yet we in Britain were still warned not to drink fresh rainwater.

What does that say about the likely effects of a similar accident here? And does anyone now doubt that it could happen?

Of course we are tempted to say "We told you so," for we warned at the Windscale Inquiry, we warned at the Sizewell Inquiry, we have warned for fifteen years that there was danger in the combination of human fallibility and technology with such unprecedented capacity for environmental harm.

But there's no satisfaction in being proved right on this issue. What matters is that a similar disaster in Britain is as avoidable as it is at present predictable.

Nuclear power amounts to only four per cent of Britain's energy supply. Think about it.

- ...all that danger, all that cost, all the unsolved problems of waste for just four per cent of our energy.
- When we have 300 years' supply of coal.
- When we have North Sea Oil.
- When we have North Sea Gas.
- When we haven't even started to conserve energy.

When we haven't even started to explore alternative energy sources... such as sun, wind and waves.

You now know that the human cost of nuclear energy is too high. This is the time to add your voice to ours. Demand that no more nuclear power stations are built. So, join us now. Or at least give us financial support. Someone has to speak on your behalf — we have the expertise and experience to do it.

I WANT TO JOIN THE CAMPAIGN FOR SAFER ENERGY IN BRITAIN

Here is my contribution of  
 £10 \_\_\_\_\_ £20 \_\_\_\_\_ £50 \_\_\_\_\_ £100 \_\_\_\_\_ Other \_\_\_\_\_

I also want to join Friends of the Earth

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

Type of Membership \_\_\_\_\_ £ \_\_\_\_\_

Subscriptions:  
 £7.50 Ordinary; £12.50 Family;  
 £5.00 OAP/Student/Claimant; £100 Life.

Send to: FREEPOST, FRIENDS OF THE EARTH, 377 CITY ROAD, LONDON EC1V 1NA (no stamp needed)



# L and M Group fund manager quits after row

BY NICK BUNKER

MR IAN HENDERSON, the aggressive fund manager who helped lead a shake-up of the UK investment trusts, has left London and Manchester Group, the successful Exeter-based life insurer.

Disagreements over investment strategy have prompted Mr Henderson's resignation as general manager of the group's £1bn investment division. L and M said yesterday that the operation of 1928 Investment Trust "had not been a success," although it was happy with the basic policy of running a trust of trusts.

The 1928 Investment Trust, which is 51 per cent owned by London and Manchester, built up in early 1985 a 7 per cent stake in London Trust, a 97-year-old investment trust of which Mr Henderson is a director.

Last June London Trust began a somewhat controversial policy of specialised investment in US venture capital through a partnership with Hambrecht and Quist, a San Francisco investment bank.

Mr Jubb said that London Trust's performance had not been satisfactory.

"American venture capital was the name of the game. Venture capital results can take a long time to come through," he said.

Results for the half-year ended September 30 1985, showed a fall in London's Trust's net asset value per share to 91.4p, down from 114.3p a year previously.

# Shah boosts management team at Today

By Fiona Thompson

MR EDDIE SHAH is to boost his management team at Today, the pioneer colour tabloid newspaper launched 11 weeks ago.

"A stronger management structure will be put in," Mr Shah said yesterday. Speculation that he was about to be replaced was totally untrue. Mr Shah said he was "staying on as chairman and chief executive" of News (UK), publishers of Today. The bigger management team meant that he would "have more people around me to help run the company."

Mr Shah denied a report in yesterday's Guardian newspaper quoting a News (UK) director confirming that the company had run into financial problems and was seeking extra support.

"We have had some cash flow problems in the past, but these are now sorted out," he said. "We are not rushing around frantically trying to find fresh funds."

Mr Shah says the paper is now selling more than 500,000 copies a day. He had initially hoped for sales of 1m. "We have a situation where the company has not developed as planned," he acknowledged.

Advertising rates have been discounted, in addition to a 20 per cent cut in rates announced last month to reflect the lower-than-expected circulation.

Today has had to increase its staff by 100 since the March 4 launch of the paper.

# MSC scheme deters claimants

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

ABOUT 10 per cent of long-term unemployed people in nine areas have withdrawn from the unemployment register since being called for interview under the Government's pilot Restart programme.

Repeated across the country when Restart becomes a national scheme on July 1, that would mean a drop of about 130,000 in the 1.3m people registered as having been without work for at least a year.

The nine Restart pilot areas contain more than 35,000 long-term unemployed people. There is no firm information on why nearly 4,000 are no longer on the register, although ministers and officials assumed from the start that the scheme would shake out some individuals who have been claiming benefit while working in the black economy.

It would be inaccurate, however, to suggest that all the vanishing claimants represent cases of fraud.

At Crawley, Sussex, about 25 per cent of 1,100 long-term unemployed people invited to the local Jobcentre for interview are no longer on the register. But this is partly explained by the fact that the town has an exceptionally low unemployment rate of 5.8 per cent. Even though the long-term unemployed face particular difficulties in finding work, there is still much more chance of their doing so in Crawley than in many areas.

"Some other people have left the unemployment register because they have been claiming the wrong benefit," said a Manpower Services Commission official.

"We have, for example, discovered during interviews that claimants are not available for work because of looking after sick relatives and should be receiving invalid care allowances rather than unemployment benefit."

Ministers and MPs will maintain a keen interest in the extent to which the Restart programme highlights cases of people who have been making false unemployment benefit claims. But MSC officials are anxious to concentrate on the positive aspects of the programme, which is designed to help the large majority of people who are genuinely un-

employed improve their chances of finding work.

From July 1 everyone in the country who has been registered as unemployed for a year or more will be invited to one-to-one interviews at Jobcentres. Staff levels in the MSC's employment division are being increased by 2,000 to cope with the exercise.

The intention is to direct long-term unemployed people to job vacancies where they exist, or to places on the Community Programme and training schemes. A special short-term training course has been devised to accompany Restart. This will help people who have been out of the labour market for long periods improve their employment skills.

# Lotus to develop £70,000 'supercar'

By Kenneth Gooding, Motor Industry Correspondent

GROUP LOTUS is to develop a "supercar" in which most of the functions, such as four-wheel drive and four-wheel steering, will be controlled by a computer.

This "flexible" supercar technology will cost about £70,000 at present prices.

Mr Alan Curtis, Lotus's managing director, announced yesterday that the development of a supercar range model was one of several new projects possible, the company's futures having opened through the £22.7m takeover by General Motors of the UK.

He also said that Lotus was damaging Lotus's growing business in engineering outside the GM connection seemed to have had the opposite effect.

New engineering contracts had been signed since the announcement of the GM purchase, one with a big French group.

Mr Mike Kimberley, Lotus's managing director of engineering, said his books had been turned away from new business.

Lotus expected to raise turnover by 1986 from about £1m last year to £30m, with engineering accounting for about half.

By then, the company should be building 5,000 cars a year, compared with 770 last year.

This should be possible after the launch, early in 1986, of a new supercar Lotus sports car, the £100,000 Lotus Evija.

Given the backing of GM, the world's largest automotive group, Lotus had been able to rethink its long-term strategy, Mr Kimberley said.

The £200 project had been delayed — the car was to be launched in the autumn this year — as part of the process.

It was now no longer certain that Toyota engines and transmissions would be used in the £100,000 car, as agreements from the Japanese group would be.

Lotus has already increased its engineering staff from 57 in 1983 to 300 and is now looking for 70 more people. If all goes according to plan, the company will also need to increase its car production workforce from 400 to about 850.

# Hanson director to chair Imperial Group

BY MARTIN DICKSON AND PETER MONTAGNON

MR ANTHONY ALEXANDER, director of Hanson Trust, is to take over from Mr Geoffrey Kent as chairman of Imperial Group, the tobacco to brewing business, which Hanson acquired last month after a fierce £2.6bn takeover battle.

Mr Alexander, 48, specialises in taking control of UK companies acquired by Hanson. He has assumed such roles at UDS, the stores group, Every Ready, the battery company, and London Brick. He will retain his responsibility for Hanson's brick and battery interests in addition to his Imperial portfolio.

Mr Kent, chairman and chief executive of Imperial for the past five years, will retire on June 2.

Executive responsibility will be devolved to the heads of Imperial's three divisions — tobacco, brewing and food — in line with Hanson style.

Hanson has appointed Mr Andrew Reid, chairman of Imperial Tobacco, as Imperial Group deputy chairman. He will be succeeded at the tobacco division by Mr Peter Harper, head of Allders, Hanson's department store business.

Mr John Blockidge will remain chief executive of Imperial Tobacco.

Hanson has arranged a fresh £250m, seven-year credit in the international capital markets to finance its takeover of Imperial.

Led by Chemical Bank, the deal effectively replaces an earlier £1bn credit assembled in March before the bid went through. This deal has successfully been cut to £250m and now cancelled.

Hanson will make significant cost savings on the new operation which carries interest of 7 per cent above money market rates for the first three years rising to 8 per cent thereafter. The margins on the original loan started at 1 per cent and rose to 4 per cent.

Expectations that the original loan would eventually be refinanced surfaced as soon as the credit was launched in March, as banks normally charge a premium to finance contested takeover bids.

Lead managers of the new deal will be the same as those which underwrote the original operation. Besides Chemical they are Banque Paribas, Credit Lyonnais, Credit Suisse, Midland, Samuel Montagu, Sumitomo Bank, Toronto Dominion and Union Bank of Switzerland.

# Compensation plan for out-of-work marine pilots

BY DAVID THOMAS

THE GOVERNMENT has announced details of a statutory compensation scheme for surplus marine pilots.

The Department of Transport expects that about 400 out of the 1,200 pilots who are self-employed will not be needed as a result of plans to transfer responsibility for pilotage to harbour authorities. Mr John Moore, the Transport Secretary, said yesterday in a parliamentary answer that legislation to be introduced as soon as possible will provide for an industry-funded statutory compensation scheme.

Under the scheme, pilots aged over 50 who are not needed will receive a sum equivalent to one year's earnings. Pilots over 60 will have their compensation reduced by one fifth for every year they exceed that age.

The pilots' pension fund will make available £15m towards the scheme's cost. The port authorities will recover through their pilotage charges the remainder of the cost.

The British Ports Association yesterday welcomed the arrangements, provided that the compensation legislation will be linked with legislation transferring responsibility for the pilots to the ports.

# Managers buy Gomba offshoot

By Tony Jackson

GOMBA STONEFIELD, the military vehicle subsidiary of the bankrupt Gomba Holdings, is to be sold by the receivers to a management buyout team for an undisclosed sum.

The money will go to the Bank of England, owners of the collapsed Johnson Matthey Bankers, one of whose main debtors was Gomba Holdings.

The buyout team is headed by Mr Michael Hendrie, Mr Richard Zarboulak and Mr George MacLean, all previously with Gomba. Institutional backers are Target Fund Management, Arbuthnot Latham and the Kent Economic Development Board.

# Minister backs call to delay Channel bill

BY PETER RIDDELL, POLITICAL EDITOR

MR MICHAEL HOWARD, Trade and Industry Under-Secretary and the MP for Folkestone, yesterday took the unusual step of publicly backing a call to the Government to allow more time to petition against the Channel tunnel development bill, to be debated by the Commons early next month.

He is supporting an amendment put down by Mr Leon Brittan, a former Trade and Industry Secretary and an old friend of his. The amendment is to Government motion to set the time limits for petitioning against the Bill, and has the effect of seeking to extend the deadline for all petitions from the government date of June 17 for individual petitioners to June 27.

The suggested deadline is so early that some petitioners might not have time to register objections. The amendment would provide more time and delay the bill.

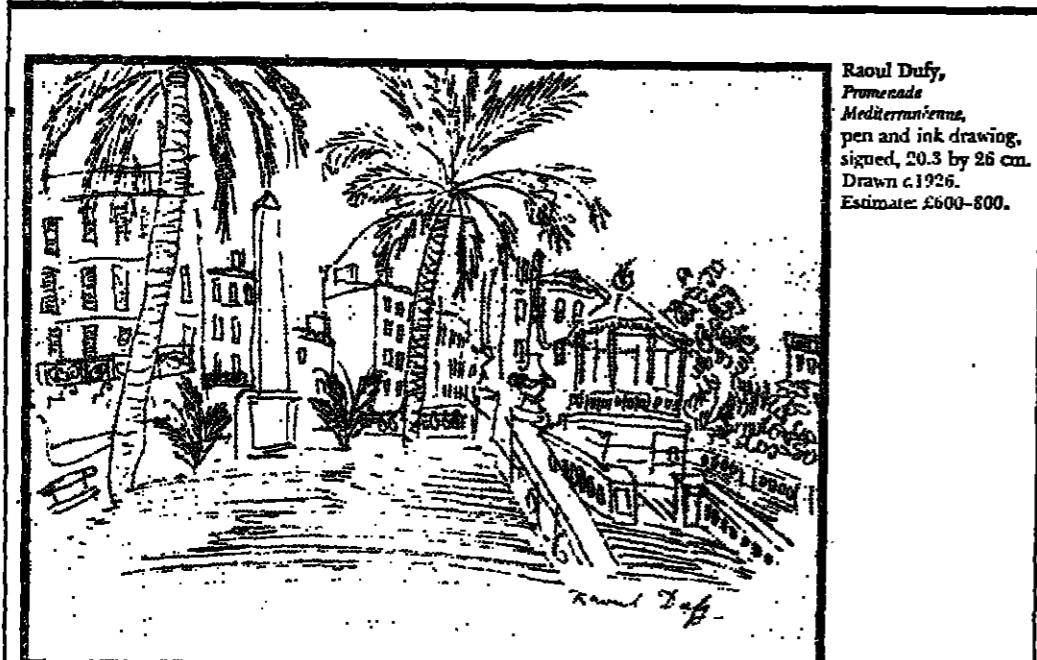
Mr Brittan said yesterday he thought the Government's original timetable gave not enough time to individuals, such as those in Mr Howard's constituency, who might need guidance in petitioning against the bill.

Mr Howard faces considerable local protests against the Channel Tunnel, which would affect Folkestone. But as a Trade and Industry Minister, he is unable to put down an amendment in his own name.

He said yesterday he would be available at his constituency all day on June 7 to advise constituents who wish to petition against the bill. "If Mr Brittan's amendment is accepted, my constituents will have nearly three weeks after that date in which to file their petitions," he said, adding that he "very much hoped that the Government will be able to look sympathetically at this amendment."



Michael Howard: facing local protests



Raoul Dufy, Promenade Mediterranean, pen and ink drawing, signed, 20.3 by 26 cm. Drawn c.1926. Estimate: £600-800.

## If you like Impressionists, why not own one?

It's not an impossible dream. The 400 or more paintings, drawings, watercolours and sculpture in Sotheby's next sale of Impressionist, Modern and Contemporary Art are estimated to sell for between £500 and £15,000.

The sale is on Wednesday 28th May 1986 at 10 am and 2.30 pm at 34-35 New Bond Street. Viewing on Sunday 25th May (12 noon to 4 pm) and on the following Tuesday (9 am to 4.30 pm).

For further information telephone Melanie Clore (01) 499 0264.

34-35 New Bond Street, London W1A 2AA. Telephone: (01) 493 8080.

### SOTHEBY'S

FOUNDED 1711

## NEW INTEREST RATES

**Base Rate**  
Reduced by 0.5% to 10.0% per annum with effect from 27th May 1986.

**Deposit Accounts**  
Interest on Deposit Accounts reduced by 0.4% to 4.35% net p.a. with effect from 27th May 1986.  
For those customers who receive interest gross, the rate reduces to 5.82% p.a.

**Save and Borrow Accounts**  
Interest on credit balances reduces to the above Deposit Rate with effect from 24th June 1986 and interest charged on overdrawn balances reduces to 19.5% p.a. APR 20.9%.

**Budget Accounts**  
Interest charged on Budget Accounts will be reduced by 1.0% to 19.0% p.a. with effect from 24th June 1986. APR 20.3%.

**Midland Bank**  
Midland Bank plc, 27 Poultry, London EC2P 2BX

## Lloyds Bank Base Rate

Lloyds Bank Plc has reduced its Base Rate from 10.5 per cent to 10 per cent p.a. with effect from Friday, 23 May 1986.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Lloyds Bank Base Rate will be varied accordingly.

The change in Base Rate will also be applied from the same date by the United Kingdom branch of: The National Bank of New Zealand Limited.



A THOROUGH BREED AMONGST BANKS.

## Standard Chartered Base Rate

On and after 27th May, 1986 Standard Chartered Bank's Base Rate for lending is being decreased from 10.50% to 10.00%

Deposit Rates are	Gross Interest	Net Interest
7 days' notice	5.85%	4.373%
21 days' notice	6.85%	5.12%

Interest paid half-yearly

**Standard Chartered Bank**  
Head Office 38 Bishopsgate, London EC2N 4DE  
Tel. 01-280 7500 Telex 885951

**PUBLIC NOTICE**  
Major  
**DISPOSAL AUCTION**  
of several hundred exceptionally fine and medium quality, handmade  
**PERSIAN CARPETS**  
rugs and runners...

and others from the more important weaving centres of the East. Included are many antiques, silks, kelmis, nomadics and other unusual items, not generally to be found on the home market.

This merchandise is the property of a number of principal direct importers in the U.K., which has been cleared from H.M. Customs & Excise bond, to be disposed of at nominal or no reserve for immediate cash realisation. Every item guaranteed authentic. Expert advice available at time of viewing.

Due to the amount of pieces to be transferred from bonded warehouses the sale will be held over two days at:  
**HILTON INTERNATIONAL HOTEL, KENSINGTON, HOLLAND PARK AVENUE, LONDON W11.**  
**ON SUNDAY 25th MAY & MONDAY 26th MAY at 3pm.**  
Viewing from noon same day. Payment cash, cheque or all major credit cards.  
Auctioneers: A Westley Bristow & Partners Ltd., 144/146 New Bond Street, London W1. Tel: 01-493 4579

**Art Fair**  
182 Galleries at ICA/London Olympia  
**29 May-1 June**  
All works for sale 11am-8pm

**Art Galleries**

**COURTAULD GALLERIES**  
"THE HIDDEN FACE OF MANET"  
UNTIL 15 JUNE  
Monday-Saturday 10 to 5  
Sunday 2 to 5  
Admission £1.50, con. 50p  
Closed Bank Holiday Monday

**ALLANS - HAND EMBROIDERED SILK PICTURES.** See the new "Fragrant Hills" and "Victorian Venetian" collections and China's fantastic double-sided hand embroidered pictures each on its own hand-carved cherry wood free standing frame. Lower Ground Floor of Allans Famous Silk Shop, 55-57, Duke Street, Grosvenor Square, London W1M 5HS. 9-6 Mon-Fri., 9-1 Sat.

**MARLBOROUGH & Albemarle St., W1** Studies of the NUDE. 19 March-2 May. Sat. 10-12.30, Mon-Fri. 10-5.30.

**PARKER GALLERY** 12a-12b, Berkeley Street, London W1 3AD (opposite Mervin Hotel) 01-497 8908.

**FRANK AVELAY WILSON** recent paintings. 5 May-3 June. WARWICK ARTS TRUST, 23, Warwick Square, St George's Drive, London, SW1. Tel. 01-424 7858. Open Wed-Sun. 10-5. Admission free.

**Clubs**  
EVE has outshined the others because of a policy of fair play and value for money. Supper from 10.30-11.00. Disco and top nightclubs. Numerous hostesses, excellent dancing. 189, Regent St., W1. 01-734 0857.

سكنا من الاجل

سكدا من الاصل

# The Rochdale pioneering spirit adrift among the high street store groups

David Churchill reports on the dwindling power of the co-operative retail movement

THIS WEEKEND Llandudno, the Welsh seaside resort town, will be invaded by several hundred conference delegates. They will spend the Bank Holiday weekend debating the future of the co-operative retail movement.

On past form, the debate will be devoid of meaning and ineffective in halting the steady erosion of the co-op as a retail force in Britain.

Still nominally Britain's biggest retailer, with more than 6,000 shops and total sales of more than £4.5bn, co-op retailing appears to many to be a spent force. "Co-op shops are quite appalling in comparison with the other major supermarket multiples," asserts Mr Ian MacLaurin, chairman of Tesco.

"They no longer pose any competitive threat to us — I can't remember the last time their name was raised within Tesco. The whole co-op movement needs a good shake-up."

The co-op's share of retail sales has fallen steadily since 1980 — from 6.4 per cent to 5.2 per cent last year — at a time when Britain's stores have experienced an unparalleled sales increase.

In grocery sales alone, both Tesco and Sainsbury now have a bigger market share than the co-ops, even though the multiples have between them roughly

only a tenth the number of supermarkets operated by the co-ops.

Every other type of retail operator has outperformed the co-ops in the 1980s. While the co-ops' sales have increased by 15 percentage points since 1980,



the sector as a whole grew by 38 percentage points and grocers in particular increased sales by 46 percentage points. At the same time, the number of stores in the movement has fallen to 6,000 from over 9,000 in 1980 and customer-shareholders dropped from 10m to 8m.

While the rest of British retailing has emerged as one of the most dynamic sectors of the economy, what has gone wrong with the co-op?

"A trading organisation on the defensive," is the view of the co-op movement of the past two decades put forward by Mr James Wood, a former co-op executive in the 1960s who is now chairman of the Great Atlantic and Pacific Tea

Company, a leading US food manufacturer and retailer.

The penalty of being on the defensive, he adds, has been to lose "volume and market share, incurring higher costs and less profit, which in turn reduces the amount of cash in the business and therefore the ability to fund capital programmes."

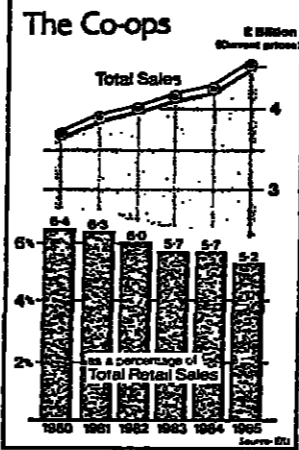
This defensiveness emerged as a direct result of the abolition of resale price maintenance in 1964. Manufacturers could no longer dictate shop prices, so more aggressive retailers — especially supermarket chains such as Tesco — increased sales volume through cutting margins and prices. The co-ops could no longer rely on high gross margins to cushion their inefficient style of retailing.

The Co-op movement had its origins in the Lancashire textile town of Rochdale where, in the 1840s, the harsh living conditions of Victorian Britain — especially expensive and poor quality groceries — inspired the start of a new approach to the supply of food for ordinary working people.

About 28 workers — known to generations of co-op members as the Rochdale Pioneers — banded together to form a co-operative



Ian MacLaurin: "Co-op shops are quite appalling compared with the other major supermarket multiples"



society. They bought and sold food to ensure that members could buy good cheap produce.

At the same time, the society provided much-needed social and educational facilities for its members. Any financial surplus was given back to members in proportion to their purchases — the famous co-op "divi."

The idea caught on and, at its peak in 1900, there were about

1,400 retail societies with boards of directors elected by more than 12m customer-members.

Other types of producer co-operatives also emerged to feed the retail societies.

This heritage is, not surprisingly, a source of great pride for the modern co-op movement. But, unfortunately, it has left a legacy of independence and thinking which is out of step

with today's trading conditions in Britain.

The core problem with the co-op retail movement is its structure. Each of the 8m customer-members are shareholders in the 95 retail societies spread throughout the UK. About a third of these societies are comparatively tiny — their combined turnover accounts for less than 1 per cent of total co-op sales — while the largest 25 societies have some three-quarters of total sales between them.

The problem is that most of these societies are fiercely independent, often run by small cliques of elderly lay directors who, while meaning well, see the local co-op as their personal fiefdom.

The movement has been aware of this problem for some time. Successive co-op congresses since the 1950s have formulated plans for creating 25 large regional societies and urged the retail co-ops to merge. But such mergers have come about have usually been to stave off bankruptcy and the regional plan is still no more than a pipe dream.

This decentralised structure is totally at odds with the trend in the rest of the retail world, which has increasingly seen the

development of large centrally-run multiple chains. "The co-ops are too fragmented and lack an overall marketing policy," says MacLaurin. "It's as though I let all our branches run themselves in their own way — it's commercial madness."

However, its rescue of the moribund London Co-Op in 1981 severely strained its resources. The CWS itself was forced to step in later to rescue other societies in trouble and, in the process, reluctantly became the second largest retail group in the co-op movement.

A merger of the two organisations would not only have created a trading organisation with sales of more than £5.5bn, but after three years of tortuous negotiations, the inter-company politics, the inter-company politics, the idea was abandoned.

At Llandudno this weekend delegates will be faced with the stark reality facing the co-op movement: there are still too many small shops, not enough investment in large stores and retail technology, and no cohesive marketing strategy.

Should the democratic and co-operative principles of the Rochdale Pioneers be sacrificed to survive and prosper in the competitive retail world. Many of the Llandudno delegates still feel that the co-op is losing touch with its origins.

However, in a retail world looking to the 1990s, the spirit of the Rochdale pioneers brought up to date may still not be enough to reconcile commercialism with co-operation.

## Alcohol market faces a 'change in tastes'

BY LISA WOOD

BRITAIN'S £15.2bn alcohol market is going through a transition as changing consumer lifestyles and tastes open new sectors and threaten traditional drinks such as beer according to a report from Euromonitor, the market research organisation.

The report forecasts decreasing total volumes over the next five years but higher value with the growth of more expensive types of alcohol and alterations in retailing patterns.

"Prices have been maintained at an artificially low level in the food multiples," said Euromonitor. "We believe that as their share stabilises, pricing will become less critical and prices will regain their true level."

Although expenditure on alcohol is up by 55 per cent since 1980, said the report, growth had not been consistent in all sectors of the market. The beer market had slumped because of high unemployment levels reducing demand, while

the general health trend had assisted in a move away from strong, heavy drinks. The supermarkets had muscled into the market, increasing the importance of women as drink sectors, but lowering prices.

Growth areas in the next decade would include wine and lager, said Euromonitor. It also forecast the growth of "added value" products (items commanding a premium price because they are perceived by the consumer as offering superior qualities) such as low strength liqueurs, premium lagers, sparkling wines and wine-based sparkling fruit drinks known as "coolers."

"That these products are mostly non-traditional is evidence that UK consumers are becoming more discerning, more cosmopolitan and more adventurous," said Euromonitor.

The Alcoholic Drinks Report Price £235.00 from Euromonitor Publications, 87-88 Turnmill Street, London ECL.

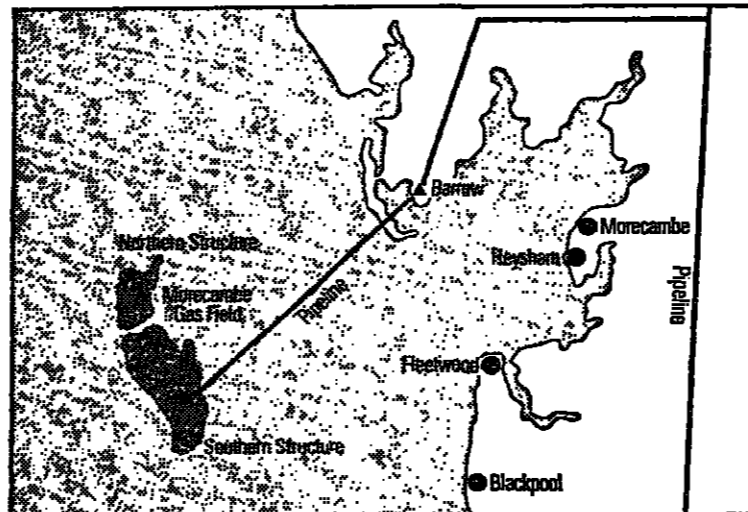
# Funnily enough, we've found that Morecambe offers more in winter.

Summer may attract the holiday-makers in droves, but it's in winter that scores of Gas people stay there for warmth.

'Where on earth are they?' you may ask.

The answer lies 33 miles out in the Irish Sea on the Morecambe Gas Field. A field the size of Sheffield which helps supply the extra gas you need to see you through the winter.

But what makes Morecambe more remarkable is that it's one of the first gas fields in Europe to use 'slant drilling'. A clever technique



which allows the wells to reach out further from each platform, so extracting gas from a larger area.

In fact, there's enough gas down there to supply Greater Manchester and the

whole of Merseyside for the next 40 years. It will, of course, be used to benefit the rest of the country as well. That should be more than enough to warm the cockles of everybody's heart.

**British Gas**  
ENERGY IS OUR BUSINESS

## ENERGY RECOVERY INVESTMENT CORPORATION S.A. ("ERIC")

Société Anonyme R.C. Lux No. B19717

Notice is hereby given that the third ANNUAL GENERAL MEETING of the Shareholders of ERIC will be held at the registered office at 20 Boulevard Emmanuel Sarvas, Luxembourg at 11 a.m. on 18th June 1986.

### AGENDA

1. Approval of the reports of the Board of Directors and of the Statutory Auditors.
2. Approval of the balance sheet and profit and loss account for the year ended 31st December 1985.
3. Approval of the write off of losses for the year against Share Premium Account.
4. To consider whether the Company should continue to carry on its activities or be put into liquidation.
5. Discharge of each of the Directors and of the Statutory Auditor for the proper performance of their duties during the year ended 31st December 1985.
6. Ratification of prior appointment and re-election of certain Directors.
7. Re-election of the Statutory Auditor.
8. Authorisation of Directors to enter into an advisory and management agreement with Energy Management and Finance Limited.
9. Renewal of the authority for the Company to purchase its own Shares.
10. Miscellaneous.

The Resolutions (other than Resolutions relating to items (4) and (9)) of the Meeting may be passed by a simple majority of those Shareholders voting and present in person or represented by proxy, and each Share is entitled to one vote, subject to the statutory voting limitations. The quorum for Resolutions relating to items (4) and (9) shall be Shareholders representing at least one half of the issued Share Capital present in person or by proxy. The Company will continue to carry on its activities unless the Shareholders constitute a quorum for the purpose and two thirds of the votes cast are in favour of liquidation under the Resolution relating to item (4). In the event of such a vote in favour of liquidation the Company will be put into liquidation. A Resolution may be passed by the Shareholders for the appointment of (a) liquidator(s) and in the absence of such appointment, the liquidation will be effected by the Court. The Resolution relating to item (9) may be passed by the affirmative vote of two thirds of the votes cast. Shareholders may be represented by proxies. Proxies need not be Shareholders.

## ECONOMIC DIARY

TODAY: Mrs Margaret Thatcher, Prime Minister, starts four-day visit to Israel. TOMORROW: National Association of Teachers in Further and Higher Education starts two-day annual conference, Brighton. European Disarmament Conference ends 10th session, Stockholm.

MONDAY: EEC Agriculture Ministers start two-day meeting to finalise 88-87 farm price and reform package, Brussels. EEC Finance Ministers meet, Brussels. Mr Douglas Hurd, Home Secretary, in New York for talks on police problems.

TUESDAY: London Housing Aid Centre statement on housing problems of job seekers. Sir Geoffrey Howe, Foreign Secretary, meets US Secretary of State Mr George Shultz, Washington. British economic experts on fact finding visit to Santiago (until May 30). East-Central African (PTA) economic summit, Bujumbura, Burundi. Lugano international banking conference (until May 29).

WEDNESDAY: Balance of payments current account and overseas trade figures for April. New vehicle registrations in April. March figures for overseas travel and tourism. FT two-day conference on telecommunications and the European business market — planning tomorrow's trade routes. Hotel Inter-Continental, WI. National Association of Head Teachers annual conference opens, Cardiff (until May 30). Sir Geoffrey Howe arrives in Halifax, Nova Scotia, for talks on North Atlantic. FT 1986 motor industry two-day conference on vehicle distribution and marketing, Geneva. Willis Faber, and Guardian Royal Exchange annual meetings.

THURSDAY: March energy trends. EEC Public Health Ministers meet, Brussels. International Forex Club meeting, Dublin (until June 1). Swiss National Bank spring statement. US April leading indicators. BAT Industries annual meeting. General Council of British Shipping annual statement. NATO Foreign Ministers open two-day meeting, Halifax, Nova Scotia. IAEA nuclear safety experts discuss aftermath of Chernobyl, Vienna.

FRIDAY: First quarter provisional figures for finished steel consumption and stock changes. First quarter company liquidity survey. Mr Kenneth Baker, Education Secretary, addresses National Association of Head Teachers annual conference, Cardiff.

# Virgin Atlantic offers fare discount in record shops

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

VIRGIN RECORDS group, which owns Virgin Atlantic Airways, is starting a £30m discount stamp scheme to stimulate traffic on north Atlantic flights.

The scheme follows the announcement this week that British Airways is to give away 5,600 return tickets on its flights from the US to Britain on June 10, so as to improve flagging business.

Announcing the scheme yesterday, Mr Richard Branson, chairman of Virgin group, denied that it meant Virgin Atlantic was in difficulties. "This month we had an 80 per cent load factor," he said.

After hearing of the BA offer to travellers from the US, "we could not see why only they should benefit. We believe a gesture to British passengers would be in order. We are not just giving away tickets to our American cousins to reward them for being afraid to fly to the UK."

He also said the move was not entirely a "philanthropic" gesture.

Under the scheme, any customer in a Virgin shop who spends more than £5 will get stamps (one for every £5 spent) exchangeable for discounts on Virgin flights to the US and the Netherlands.

Five stamps will entitle a customer to a 5 per cent cut in air fares. The current Virgin Atlantic return fare, London-New York, is £378, so that a customer with 50 stamps (at a cost of £250), and so a 50 per cent discount, would buy a ticket for £189.

The stamps can also be used against purchases of records, or tapes in Virgin shops.

Mr Branson claimed this was probably the biggest discount stamp operation since the height of the Green Shield era



Richard Branson: aims to attract more passengers

# CEGB chief advocates nuclear fuel development

By David Fishlock, Science Editor

THE CHERNOBYL disaster has badly shaken public confidence in nuclear power and cast gloom over all nuclear activities. Lord Marshall, chairman of the Central Electricity Generating Board, said in Scotland yesterday.

But depleted uranium, used in fast reactors, provided Britain with energy which dwarfed the reserves of the North Sea and exceeded the UK's commercially viable coal reserves.

"We cannot possibly turn our backs on that," Lord Marshall said. He was speaking at the inauguration of the nuclear industry's latest laboratory for the development of new reprocessing technology for spent nuclear fuel.

The £8m facility, named the Marshall laboratory, is working on new process technology for Thorp, the £1.65bn thermal oxide reprocessing plant under construction at Sellafield, Cumbria. But its main purpose is the development of new reprocessing technology for fast reactor fuels.

It was shown yesterday to guests from Britain's partners in the European fast reactor club, which is developing a new European plutonium-fuelled reactor for commercial use early next century.

The Marshall laboratory is an important element in Britain's case for playing host to a £200m European reprocessing plant for fast reactor fuel.

A public inquiry into these plans is being held at Thurso, near Inverness, where the nuclear industry proposes to build the reprocessing plant in the 1990s.

Lord Marshall said he believed Britain would be using plutonium fuel in fast reactors "in a major way through most of the next century."

He admitted that the time-scale for full exploitation of fast reactor technology was unclear "and there is plenty of room for differences of opinion on this matter."

The important thing was that within the UK nuclear industry everyone wanted to get on with fast reactor technology "as fast as society and public opinion will permit us to do so."

# Geevor presses for government aid

BY KENNETH MARSTON AND KEVIN BROWN

CORNWALL'S loss-making Geevor Tin Mines has applied again to the Department of Trade and Industry for aid. This is the centrepiece of a £26m, five-year plan to cut the mine's production costs and to double output.

In the Commons, Mr Peter Morrison, Industry Minister, promised a decision by June 2 on Geevor's latest application.

Geevor, which has its mine at Pendeen, believes it can restore the operations to profitability by its own efforts, given Government grants or low interest rate loans.

Mr Keith Wallis, chairman, said yesterday: "We are now looking to the Government to play its part."

The plans, which depend on "a prompt and generous response" to the application, include underground work at the existing mine and opening a new mine nearby at Botallack. This would provide new supplies of good tin ore in place of the portion of low-grade material from surface dumps, which has been needed to supplement mill feed.

Further supplies of mill feed would result from the proposed acquisition, for 2.2m new shares, of Marine Mining Cornwall Consortium. This operation would dredge the seabed between Penryn Bay and Land's End, which is estimated to contain more than 20,000 tonnes of tin.

A further proposal is for a £2.5m rights issue of new Geevor shares. They would be offered on the basis of two at 26p each for every one held. The existing shares weakened 14p to 31p yesterday having fallen previously from 72p with the collapse in tin prices this year.

Tin is trading on the free market at less than £4,000 a tonne. Geevor's production costs, when the mine suspended operations in April, were about £8,000 a tonne.

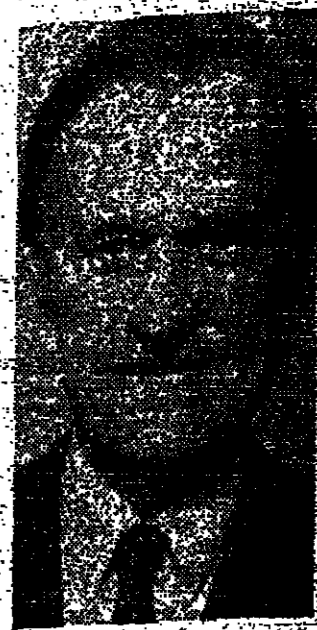
The mining plans now offered are to trim to about £6,500. It is thought that the market price will rise above £6,500 in the meantime.

In the Commons, Mr Morrison refused to give a time for a decision on a government assistance application by RTZ, which runs the Wheal Jane, Pendarves and South Crofty mines in Cornwall.

The minister was responding to renewed pressure from Cornwall MPs for action to save tin mining.

Mr David Harris, Conservative MP for St Ives, said Geevor had done everything possible in its revised application to meet Government wishes.

Mr David Penhaligon, Liberal MP for Truro, said there were overwhelming arguments for assisting the industry until the tin price had recovered to a level whereby marginal production costs would be covered.



David Harris: everything possible has been done

# BCal 'will still seek SE listing'

BY MICHAEL DONNE

BRITISH CALEDONIAN Airways intends to develop and strengthen itself without any external aid, and to seek its own listing on the Stock Exchange "in the foreseeable future."

Sir Adam Thomson, the chairman, informs staff in the latest issue of the group's newspaper that BCal retains the financial strength, "to remain firmly independent," in spite of the temporary problems this summer in the airline's trading position.

Sir Adam stresses that the difficulties over declining traffic on North Atlantic and other routes, which have led to 1,000 voluntary redundancies and other cuts, had nothing to do with the recent talks—now abandoned—with International Leisure Group about possible collaboration or merger.

"We are not in the market for mergers or takeovers, and we do not seek hand-outs from any source," Sir Adam states.

"The only external help we need is in the form of workable government policy to enable us to develop through competitive initiative. The first major test of this is our bid for Japanese routes."

"Subject to the Government fulfilling the promise of its Airline Competition Policy, Japan and Korea are within sight and will form valuable network extensions," he adds.

"The transatlantic should cure itself, and in time the oil

industry will see its way out of recession.

"We are poised to realise the substantial potential of our excellent inter-continental network, as the economic climate changes for the better and as our cost-efficiency factor is tuned to a fine pitch."

"Simultaneously the competitive attractions of the A-320 Airbus gives us the chance for an expanded and profitable short-haul operation.

"Far from being in a state of economic siege, we have acted with speed and implemented difficult decisions, to keep our current trading balances on an even keel, shore up our overall financial stability and to stay on course for growth and success."

# Printed circuit maker plans US plant

BY PETER MARSH

FLEXIBLE TECHNOLOGY, a UK manufacturer of specialist printed circuits, is planning a £1m production plant in the US.

Mr Peter Timms, managing director, said yesterday the factory, to be on the east coast, should be operating by next year.

He said a US plant was necessary if the company was to maintain its level of sales to the US electronics industry. Last year one third of the

company's £2m sales were to the US. Mr Timms said he expected sales this year to be worth £5m and a similar proportion would be to the US.

The company, which started in 1981 and is part of Cambridge Electronic Industries, an industrial group based in Cambridge, operates from Rothsay on the Isle of Bute about 30 miles from Glasgow.

It specialises in printed circuit boards which are flexible enough to be folded like the

# Move on council contracts bias

BY KEVIN BROWN

THE GOVERNMENT is considering legislation to outlaw discrimination by local authorities against contractors on political grounds.

Plans for legislation were dropped last year after the Law Lords ruled local authority contracts could be subjected to judicial review on grounds of "reasonableness."

Ministers said this was sufficient to ensure that companies prevented from tendering for contracts on political grounds—such as links with South Africa—could obtain redress.

There have been a series of complaints by Conservative MPs, however, that the existing law has failed to prevent abuses by councils.

Mr Richard Alexander, Conservative MP for Newark, said in the Commons yesterday that some councils had demanded donations from companies for social projects in Vietnam and Nicaragua.

Ms Angela Rumbold, the Environment Under-secretary, said there were problems in

# Whitelaw leads trip to Moscow

By Peter Riddell, Political Editor

LORD WHITELAW, the Deputy Prime Minister, yesterday flew to Moscow at the head of an all-party group of 14 MPs and peers including Mr Denis Healey, Shadow Foreign Secretary.

He carried a letter from Mrs Margaret Thatcher, the Prime Minister, to Mr Mikhail Gorbachev, the Soviet leader, setting out the views expressed at the Tokyo seven-nation summit earlier this month. The letter stresses President Reagan's desire for a further meeting with the Soviet leader this year.

The group's 10-day visit is expected to include a meeting with Mr Gorbachev as well as visits to Leningrad and Georgia. It comes under the auspices of the Inter-Parliamentary Union, a cross-party friendship group and is in return for Mr Gorbachev's visit to the UK shortly before he became Soviet leader.

Lord Whitelaw will express the Prime Minister's belief in mutual security and mutual respect for different systems. He is expected to stress Britain's desire to advance international co-operation on the safety of nuclear power.

The British group includes politicians with a wide variety of views ranging from the Tory right to the Labour left.

# Precious jewellery sales 'will decline'

BY LISA WOOD

SALES OF precious jewellery in the UK are forecast to lose their sparkle in 1986, according to a report published yesterday.

The report from European Data & Research, sponsored by the International Gold Corporation and De Beers, the diamond merchants, examines precious jewellery manufacturers and sales in the UK but excludes "fashion" jewellery, which could be made from a variety of non-precious materials.

The report's pessimism, published on the day of Batsner's agreed £148m acquisition of H. Samuel, the leading multiple retailer, contradicts more optimistic forecasts by other market research organisations this year.

According to the EDR report in 1985 there was a 5 per cent increase in the number of gold and diamond jewellery pieces sold compared with 1984 while the number of silver jewellery pieces continued to decline, giving a total unit increase of 3 per cent. Average prices increased during 1985, so that the total market value rose to an estimated 8 per cent to approximately £1,140m.

The report said, however: "If precious metal and diamond prices remain stable or declining, coupled with the slow rate of general cost inflation and the price competition at retail level, we foresee only small price rises in 1986 and overall, an increase in retail jewellery turnover of under 5 per cent." In terms of unit sales the report forecast zero to 2 per cent.

The loss of market momentum would vary across the country. The report said the discount low price end of the market also seemed to be running out of steam and specialist low-price retailers were likely to face more competition from non-specialist newcomers. "Another development which could have important repercussions on the activity of Batsner, who are dedicated to the promotion of low-price merchandise," said the report.

1986 UK Jewellery Market Report. Price £180 from European Data & Research, 222-225 Strand, London WC2.

## The Royal Bank of Scotland plc

### Base Rate

The Royal Bank of Scotland announces that with effect from close of business on 27 May 1986 its Base Rate for advances will be reduced from 10½% to 10% per annum.

The Royal Bank of Scotland plc. Registered Office: 20 St Andrew Square, Edinburgh EH2 2BU. Registered in Scotland No. 00212.

## Coutts & Co

Coutts & Co. announce that their Base Rate is reduced from 10.50% to 10.00% per annum with effect from the 23rd May, 1986 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

The Deposit Rates on monies subject to seven days' notice of withdrawal are as follows:-

- 6.25% per annum Gross\*
- 4.375% per annum Net (the Gross Equivalent of which is 6.16% per annum to a basic rate tax payer).

Rates are subject to variation and interest is paid half-yearly in June and December.

\*Not ordinarily available to individuals who are UK residents.

440 Strand, London, WC2R 0QS

## TSB BANK

With effect from the close of business on Friday, 23rd May 1986 and until further notice, TSB Base Rate is decreased from 10.50% p.a. to 10.00% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

Trustee Savings Banks Central Board, PO Box 33, 25 Milk Street, London EC2V 8LU.

## Bank of Scotland Base Rate

Bank of Scotland announces that, with effect from 27th May 1986 its Base Rate will be decreased from 10.50% per annum to 10.00% per annum.

**BANK OF SCOTLAND**  
A FRIEND FOR LIFE

## National Westminster Bank PLC

NatWest announces that with effect from Friday, 23rd May, 1986, its Base Rate is decreased from 10.50% to 10.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lombury London EC2P 2BP

## Hill Samuel Base Rate

With effect from the close of business on 27th May, 1986, Hill Samuel's Base Rate for lending will be decreased from 10.5% to 10% per annum.

### DEMAND DEPOSIT ACCOUNTS

Depositors not liable to deduction for basic rate tax

- 5.82% per annum gross

Depositors liable to deduction for basic rate tax

- 4.35% per annum net
- 6.13% per annum gross equivalent

Interest to be paid quarterly and rates are subject to variation

Hill Samuel & Co. Limited  
100 Wood Street, London EC2P 2AJ.  
Telephone: 01-628 8011.

## Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 27th May 1986 their Base Rate will be decreased from 10½% to 10%.

**BARCLAYS**

Reg. Office: 54 Lombard St., EC3P 3AB. Reg. No. 1026167 and 920580.

## Grindlays Bank p.l.c. Interest Rates

Grindlays Bank p.l.c. announces that its base rate for lending will change from 10½% to 10% with effect from 27th May 1986

Grindlays Bank p.l.c.  
Member of the ASB group of Companies. Head Office: Grindlays Bank plc, Minerva House, Montague Close, London SE1 9DL.

Handwritten text in Arabic script: حكاية من الاصل

سكدا من الاصل

NUR to hold industrial action poll over Brel

By David Brindle, Labour Correspondent

LEADERS of the National Union of Railwaymen decided yesterday to go ahead with a ballot on industrial action among 25,000 members in British Rail's engineering workshops.

The threatened disruption could have an immediate impact on rail services because the union is to ballot not only British Rail Engineering (BRE) workshops, due to bear the brunt of planned job cuts, but also BR's own regional maintenance depots.

BR said last night: "It could bite very quickly. A workshop strike could be very damaging for BR and Brel, and for customer confidence. It could affect the jobs of everybody on the railways."

The decision of the NUR's executive committee to hold a ballot on industrial action followed the announcement last Tuesday of 5,000 more redundancies in Brel and BR workshops, indicating a loss of a total of almost 8,000 jobs by 1989.

Mr Jimmy Knapp, union general secretary, said he



Jimmy Knapp: Fears 20,000 lost jobs

believed more than 20,000 workers could be hit ultimately because of the "ripple effect" of the cuts. The BR strategy, which was preparation for privatisation of Brel, would leave the UK short of capacity in railway engineering.

paign was "about eliminating overcrowded trains, breakdowns, delays and cancellations — and stopping the flow of freight traffic away from our industry."

The NUR will be looking to the Confederation of Shipbuilding and Engineering Unions to fall in line with the campaign for industrial action. The confederation claims to represent most of Brel's 23,000 workers.

The confederation's railways sub-committee has already backed the idea of an industrial action ballot, but the key decision may not be taken until the organisation's executive committee meets on June 5.

Meanwhile, the NUR faces a tough challenge in trying to ensure a majority for action in its ballot. Last year, its 11,000 railway guard members delivered a stunning rebuff to the leadership by rejecting proposed action over driver-only trains.

POA fails to set date for ballot

By Mani Deb

The prison officers' dispute looks set to drag on as leaders of the Prison Officers' Association failed to give the go-ahead for a ballot of its 19,900 members on a Home Office formula for a settlement.

The POA had hoped to hold a ballot on June 3 after reaching a settlement with the Prison Department which led to the suspension of industrial action over manning levels.

But grave doubts were expressed by delegates at the union's conference in Folkestone this week on the formula for an agreement.

Executive members of the POA will meet again next week and are expected to seek fresh talks with the Home Office before holding a ballot.

The executive claimed victory in the dispute after negotiations in London last month, but the Prison Department later told governors no concessions had been made on manning.

Unions 'in danger of becoming irrelevant'

By Philip Bassett, Labour Editor

TRADE UNIONS are in danger of finding themselves irrelevant to workers' needs, according to Mr John Edmonds, general secretary of the General Municipal and Boilermakers' Union.

In an article in the forthcoming issue of New Socialist magazine, Mr Edmonds expands on what is becoming a new avenue for union thinking.

He rejects the "market unionism" approach of some unions — principally the electricians' union EETPU — because he says it is geared to only a small part of the workforce with an already high level of pay and security.

Mr Edmonds argues that unions should put themselves forward as champions of the new exploited workers who are products of "a servant economy."

Unions must increasingly find a place in the non-work areas of members' lives by making themselves central to current popular culture — from sports to rock concerts — and by providing benefits to members "not only as workers but also as consumers, as holiday-makers, as parents, as motorists."

Mr Edmonds says new priorities are necessary in the workplace. These include equal rights, health and safety, working environment, basic pay and conditions.

ICI names new chairman for paints division

From August 1 the chairman of ICI paints division will be Mr Herman Scopes, currently a director of the petrochemicals and plastics division. He succeeds Mr David Barnes who, as previously announced (Financial Times, May 22) is to become an executive director of ICI.

Mr Scopes joined ICI in 1960. Having been a director of the former petrochemical division, he was appointed a director of petrochemicals and plastics division in January 1985. He is the current chairman of Phillips International Petroleum, a joint company owned by ICI and Phillips Petroleum Company.

Mr Kenneth Dixon has been appointed vice-chairman of ICI's LEGAL AND GENERAL GROUP. He succeeds Mr Ronnie Taylor who is retiring. Mr Dixon is chairman of Rowntree Mackintosh. He was appointed a non-executive director of Legal and General in 1984.

Mr Robin Ivison has taken over as president of the INSTITUTE OF TAXATION. Mr Roy Jennings has become deputy president and Mr Jack Hardy has become vice-president. Mr John Martin will be retiring as secretary in August and his successor will be Mr Ronald Ison.

REORGANISATION OF ROCKWELL AUTOMOTIVE (UK) Thompson division has resulted in Mr Geoffrey Bicknell, previously director of sales and marketing, being appointed managing director of the division which has been renamed motor pressings division. Other appointments include: Mr Michael Evans, manufacturing director, Mr Jim Morgan, sales director, Mr Tim Bell, finance director, and Mr Terry Ball, personnel director.

the international division in July. He joins from Lucas Lighting. Mr Alex Halberstadt has been appointed director and general manager of the halogen lamp division. He was managing fluorescent and tungsten lamp development and engineering.

Mr Andrew Osmond becomes director and general manager of the incandescent lamp division. He was associate director—marketing. In addition to his current responsibilities for the manufacture of fluorescent and discharge lamps, Mr Henry Levy assumes responsibility for manufacturing development—part of the central services structure.

As part of a reorganisation of Wimpey Asphalt and Wimpey Hobbs, Mr Andrew Panter has been appointed managing director of WIMPEY HOBBS, a director of Wimpey Asphalt. He was managing director of Wimpey Waste Management.

REORGANISATION OF ROCKWELL AUTOMOTIVE (UK) Thompson division has resulted in Mr Geoffrey Bicknell, previously director of sales and marketing, being appointed managing director of the division which has been renamed motor pressings division. Other appointments include: Mr Michael Evans, manufacturing director, Mr Jim Morgan, sales director, Mr Tim Bell, finance director, and Mr Terry Ball, personnel director.

Employment white paper attacked

By Our Labour Editor

THE GOVERNMENT'S proposals on women who work outside the home in its employment deregulation white paper, were sharply criticised yesterday by the Equal Opportunities Commission.

Commission leaders will seek to meet Ministers on the paper's proposed changes in employment provisions for women. The commission said it had not been consulted about them and knew nothing of them until newspaper reports yesterday.

The commission was especially unhappy with: The £25 fee to be paid by claimants in order to bring a dismissal case before an industrial tribunal.

The raising, from five to 10, the minimum number of employees at a company whereby it would have to provide new mothers with their jobs, or suitable equivalents, on return from maternity leave.

Merchant navy officers call for wage freeze

By David Thomas, Labour Staff

THE MERCHANT navy officers' union, Numast, has called for a six-month wage freeze to help North Sea supply companies affected by the fall in oil prices.

Six leading supply companies, negotiating through the General Council of British Shipping, have asked for labour cost cuts of between 25 per cent and 30 per cent from July 1 to meet the crisis.

They had suggested to the unions two main ways in which these savings could be met: crews should move from working one month on, one month off cycle, to a cycle of one

Improved offer for chemical workers backed

By David Thomas, Labour Staff

UNIONS representing 30,000 manual workers in the chemical industry are recommending their members to accept an improved offer from the Chemical Industries Association which would raise weekly minimum pay from £90.25 to £96.90.

The offer consists of 5.3 per cent in new money, plus 2.1 per cent from the inclusion in basic rates of some existing payments. This amounts to a 7.4 per cent increase in minimum weekly pay.

The negotiations include companies such as BP Chemicals, Albright and Wilson, CIBA Geigy and Laporte, but they also influence non-participating chemical companies.

Unions representing about 30,000 manual workers in ICI have rejected an offer of 4.4 per cent on weekly rates.

BAe strikers delay launch of experimental fighter

By Mani Deb

STRIKERS at British Aerospace have delayed the launch of the £180m latest technology jet fighter being produced at its Wharton, Lancashire, division under the Experimental Aircraft Programme.

The aircraft, known as the EAP and expected to be about 30 per cent faster than present fighters, will not be ready to fly by the end of May target date and could miss the Farnborough Air Show in September.

The strike by 6,000 hourly-paid workers over pay and conditions has also halted the production of Tornados and components for Airbus 320 wings for the past four weeks.

BAe says the strikers have been offered a three-year pay deal with the rise for 1986 being 5.17 per cent, the amount accepted by the other 10,000 workers in the military aircraft division.

BAe strikers delay launch of experimental fighter

By Mani Deb

STRIKERS at British Aerospace have delayed the launch of the £180m latest technology jet fighter being produced at its Wharton, Lancashire, division under the Experimental Aircraft Programme.

The aircraft, known as the EAP and expected to be about 30 per cent faster than present fighters, will not be ready to fly by the end of May target date and could miss the Farnborough Air Show in September.

The strike by 6,000 hourly-paid workers over pay and conditions has also halted the production of Tornados and components for Airbus 320 wings for the past four weeks.

BAe says the strikers have been offered a three-year pay deal with the rise for 1986 being 5.17 per cent, the amount accepted by the other 10,000 workers in the military aircraft division.

BAe strikers delay launch of experimental fighter

By Mani Deb

STRIKERS at British Aerospace have delayed the launch of the £180m latest technology jet fighter being produced at its Wharton, Lancashire, division under the Experimental Aircraft Programme.

The aircraft, known as the EAP and expected to be about 30 per cent faster than present fighters, will not be ready to fly by the end of May target date and could miss the Farnborough Air Show in September.

The strike by 6,000 hourly-paid workers over pay and conditions has also halted the production of Tornados and components for Airbus 320 wings for the past four weeks.

BAe says the strikers have been offered a three-year pay deal with the rise for 1986 being 5.17 per cent, the amount accepted by the other 10,000 workers in the military aircraft division.

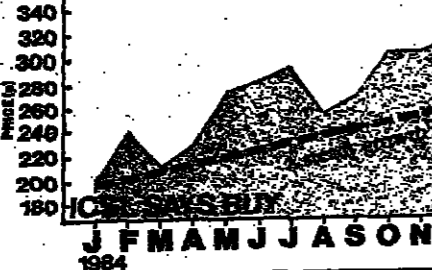
Discover how to squeeze the maximum profits from the stock market...

On Wednesday 4th January 1984, a number of investors were personally sent letters from the offices of the Financial Times discussing, among other things, the fortunes of United Leasing.

After analysing changes in United's accounting policy, the growth of its foreign subsidiaries and its close association with IBM, the author urged readers to buy shares at 200p each.

Ten weeks later, when the share price had already risen by 10%, United was awarded an "A" grade rating by the correspondent.

His predictions were well-founded for



by the beginning of July, as investors were informed by post, the share had risen to 292p. And despite a slight dip of 27p over the next two weeks, readers were reassured that the year ahead looked "very promising."

Exactly twelve months later, the advice changed abruptly and the author of the letter expressed growing concern over United's future. "... the shares may struggle for a while," he wrote, noting IBM's own moves into the leasing market. At this point the price was 298p a share and investors were tipped to sell.

As the graph above shows, the share price which had been climbing began a slow decline. But had you been one of the recipients of the letters concerned, following the recommendations closely, you would have realised growth of 49% on your capital. In other words, for each £1,000 invested, you would have received £1,490 back.

The advice about United Leasing is very typical of the precise investment suggestions which come from a well-known City figure—Jack Easterbrook.

Mr. Easterbrook is the editor of ICI Stockmarket Letter—a sister publication to the Investors Chronicle (hence the initials ICI) and part of the Financial Times Group. Sent out by first class mail every Tuesday evening, the ICI Stockmarket Letter contains four closely typed pages of detailed information on UK shares.

As you would expect from a title in the Financial Times stable, the quality and depth of the editorial is of the highest.

The ICI Stockmarket Letter is neither sensationalist nor a 'tip' sheet. Rather, you will read a balanced combination of sound analysis and authoritative predictions.

Indeed, you have only to examine our track record on any area we cover, from New Issues to the Unlisted Securities Market, to see just how we aim to squeeze the greatest possible profit from every situation.

Whether you have £1,000 or £100,000, and whether you want a regular return or a fast capital gain, ICI Stockmarket Letter can guide you to the most suitable types of share to suit your needs.

For a small private investor with some money to play with (from as little as £1,000) we can show you some low cost Penny Shares which should become real high fliers.

Like British Benzol Carbonising 11.5p to 65p; Walker & Homer 10p to 20p; and York Trailers 2.5p to 4.5p.

Even £1,000 of 'play' money could have been turned into £2,000, £3,500 or more! The chart illustrated below records the performance of those shares we recommended in 1985 which actually appreciated by over 100% leading up to March of this year. It also outlines what overall gain you could have made if you'd been one of our subscribers — both as a percentage and in real money terms.

Table showing share performance for various companies like British Benzol Carbonising, Walker & Homer, York Trailers, etc. Columns include Company name, Rec. Date, % gain, and Your share value for every £1,000 invested.

This is what the statistics show: Overall you could have achieved an average 19.5% growth for your money.

Each year i.e. about £1,200 back for every £1,000 invested.

By following our advice on promising New Issues you could have realised incredible profits. Backing Alexandra Workwear, for instance, would have earned you £2,650 for every £1,000 invested. £2,340 for £1,000 worth of shares in Park Hall Leisure.

Concentrating on Penny Shares with ICI Stockmarket Letter's help you could have seen £1,300 back for every £1,000 invested over 12 months. A 30% growth every year.

HOW TO CAPITALISE ON THE REAL HIGH FLYERS AND EARN A GOOD INCOME

Whether you have £1,000 or £100,000, and whether you want a regular return or a fast capital gain, ICI Stockmarket Letter can guide you to the most suitable types of share to suit your needs.

For a small private investor with some money to play with (from as little as £1,000) we can show you some low cost Penny Shares which should become real high fliers.

Like British Benzol Carbonising 11.5p to 65p; Walker & Homer 10p to 20p; and York Trailers 2.5p to 4.5p.

Even £1,000 of 'play' money could have been turned into £2,000, £3,500 or more! The chart illustrated below records the performance of those shares we recommended in 1985 which actually appreciated by over 100% leading up to March of this year. It also outlines what overall gain you could have made if you'd been one of our subscribers — both as a percentage and in real money terms.

Table showing share performance for various companies like British Benzol Carbonising, Walker & Homer, York Trailers, etc. Columns include Company name, Rec. Date, % gain, and Your share value for every £1,000 invested.

This is what the statistics show: Overall you could have achieved an average 19.5% growth for your money.

You can trust Jack Easterbrook's experience.

ICI Stockmarket Letter's compiler has been watching the markets virtually every working day for the last thirty years. Formerly a senior fund manager, he was Companies Editor on Investors Chronicle before taking charge of the newsletter. The huge experience and incredible network of contacts at his disposal make him the acknowledged expert in this field.

Mr. Easterbrook writes with action in mind. He tells you what to buy, when to sell and explains in full his reasoning. This makes ICI Stockmarket Letter a fascinating read on top of all its other more pecuniary advantages.

How ICI Stockmarket Letter spots the winners.

Here are some direct quotations showing how ICI Stockmarket Letter is able to identify the winners early on: "When we recommended the shares at 24p in February and again at 30p in April we said York Trailers should be able to make £1m pre-tax this year... While the share price is 45p or less holders should sit tight (it is +3p as we go to press)." 24 July 1985.

It would seem that, given reasonable trading conditions, the group (British Benzol Carbonising) could make annual profits of £500,000 for a PE ratio of 8.0 with the shares at 11.5p... But now that the (miner's) strike is over, the company does seem in a good position to pull the threads of the recent expansion together. The shares are an excellent speculation!" 20 March 1985.

These very same shares were to reach 65p on 10 March 1986, when subscribers were urged to sell.

"The group (Walker and Homer) has undoubtedly found a new lease of life since chairman Mr. David Mears backed his lifestyle Upholstery into it some two and a half years ago. Assuming profits no higher than last year's the PE ratio is +5. With no debt, the company is in a strong financial position. The shares are worth a punt!" 17 July 1985.

By following ICI Stockmarket Letter recommendations your shares would have risen by 10p each at the time of offer.

Please send to: Marketing Department, FT Business Information Ltd., Greystoke Place, Fetter Lane, London EC4A 1ND

£1,195 back for every £1,000 invested. An average growth of 19.5% a year since 1983...

"Never has it been truer to say that the results speak for themselves. The success our subscribers experience by following ICI Stockmarket Letter recommendations has pushed us into pole position in the league of 'tip sheets'."

Naturally, this makes us attractive to both institutional and private investors alike. So whether you want to invest £1,000 or £100,000 you'll find ICI Stockmarket Letter can pinpoint for you those shares which could really earn you massive profits.

I hope very much you will accept our Free Trial Offer of four sample issues. Depending on what is happening during your trial subscription you'll receive between six and sixteen 'tips'.

So you can prove for yourself, absolutely free, whether our team of advisers can help you squeeze extra profits out of the Stockmarket."

Yours sincerely John Greig, Marketing Manager

PS. To take advantage of our Free Trial Offer, please reply before 30th June, 1986.

No Risk Application FOUR TRIAL ISSUES, FREE

We're willing to send you your first four issues of ICI Stockmarket Letter, absolutely free, so that you can read for yourself just how Jack Easterbrook aims to squeeze the maximum profit from the Stockmarket.

All you have to do is complete and return the delayed action standing order below

YES I wish to accept your offer of a 4-issue free trial subscription to ICI Stockmarket Letter. If, after receiving the fourth issue, I decide it is not for me, I simply cancel my standing order and write and advise you and my bank. Otherwise, you will continue to send me ICI Stockmarket Letter for the next 12 months and charge me by Standing Order at the special discount price of £60 in the first year. My year's subscription will take effect from the fifth issue.

Please send to: Marketing Department, FT Business Information Ltd., Greystoke Place, Fetter Lane, London EC4A 1ND

Mr/Ms/Miss (BLOCK CAPITAL PLEASE) 608200 Address \_\_\_\_\_ Signed \_\_\_\_\_ Date \_\_\_\_\_ Postcode \_\_\_\_\_ Nature of Business \_\_\_\_\_ To (NAME OF YOUR BANK) Bank PLC Address of Branch \_\_\_\_\_ A/C No. \_\_\_\_\_

FOR OFFICE USE ONLY. IMPORTANT NOTICE TO THE BANK The following reference must be quoted when crediting our account. Ref. No. FT Business Information Ltd. Reg. Address: Bracken House, Cannon Street, London EC4A 3DF. Reg. No. 980996

# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY  
Telegrams: Finantimo, London PS4, Telex: 8954871  
Telephone: 01-248 8000

Saturday May 24 1986

## Facing up to slower growth

THE TIMING of the UK base rate cuts led by National Westminster Bank on Thursday may have surprised financial markets but they were almost bound to come sooner or later. It would have required levitation to keep rates above 10 per cent indefinitely given the falling cost of money in the rest of the world, the sharp fall in domestic inflation and the disturbing slowdown of economic growth in the past year. The fact that UK interest rates are still well above those in other European economies, bar Italy, helps to account for renewed speculation about sterling's entry into the European Monetary System: a majority of economists now accept that British borrowers will pay a premium so long as the UK remains out in the cold.

The declining rate of economic growth may, indeed, prove a more important determinant of interest rates than inflation now that the latter is at such a manageable level. One of the achievements of Conservative economic policy, following the 1980-81 slump, was to stabilise Britain's growth rate at an encouraging 3 per cent a year. The stability now seems lost. The latest official figures show that, adjusting for distortions such as the 1984-85 coal strike, growth has been only 1.4 per cent in the past year. As the National Institute points out in its gloomy economic review, British growth is now not only low by international standards but also probably below the productive capacity of the economy. This is a sharp contrast to 1982-85.

The aggregate figures help to explain why the Government has been suffering so much embarrassment this year at the hands of weak manufacturing companies, from Westland to British Shipbuilders. Overall, the economy may be growing slowly but the performance is uneven. In the first quarter, North Sea output was buoyant even if oil prices were tumbling and service industries continued to expand modestly. In manufacturing, however, output and employment have been falling.

### Achilles' heel

There is good reason why the fact of slower growth has taken time to sink in. In manufacturing at least it partly reflects a change in statistical techniques. It always used to be the case that preliminary estimates of output were subsequently revised upwards: statisticians, like accountants, tended to err on the side of optimism. The caution among politicians who decided that if the figures were always revised upwards, estimates of these revisions could be incorporated in the initial guesses. That way first impressions would be good impressions. The irony now is

that preliminary estimates are having to be revised downwards: the Government is being forced to admit that things were worse than it first reported. This does not make for good public relations.

Lower inflation and slower growth are helping to ease interest rates down but do not yet seem to have had much impact on the economy's Achilles' heel—pay settlements. In the year to March, unit labour costs in industry rose by more than 8 per cent, far faster than in any of Britain's competitor countries. The growth of wages is easily outstripping gains in productivity (even allowing for the possibility that these are underestimated in the official figures) and may partially account for the steady increase in unemployment since last November—slower growth, of course, will also have played a part in this.

### Pay freeze

With low inflation, a reasonably demanding exchange rate and subdued unions, British managers' willingness to concede much larger pay awards than their counterparts overseas remains something of a mystery. It is true that wage increases have been modest compared with the dramatic improvement in corporate profitability since 1981 and that both wages and profits in the UK were low by international standards in the early 1980s.

But it seems unlikely that the behaviour of profits is a full explanation of the buoyancy of real wages. The prevalence of the "going rate" mentality is another culprit. The danger is that the policy of awarding "inflation plus a bit extra" will not adjust to the fall in inflation from 5 per cent to 3 per cent or even less later this summer. The stickiness of wages has prompted at least one City economist to reconsider the virtues of a pay freeze this autumn. The aim would be to inflict a short sharp shock on the wage-setting process.

The approach the present Government has favoured in the past is to seek to influence private sector settlements through its control of the public purse strings. The awards announced this week for nurses, doctors, the armed forces and top public servants, although postponed in payment, are unlikely to slow the momentum of wages in the rest of the economy: the increases range from 6.5 per cent to 8.2 per cent, fully in line with the overall norm of 7.5 per cent. If the National Institute's projections of uninspiring growth are well-founded, the gap between the aspirations of workers and the living standards the economy can deliver will widen with obvious implications for unemployment.

## BENETTON EXPANDS

# From rags to riches

By Alan Friedman in Milan

A FEW weeks ago on Italian television, an interviewer was questioning Mr Mario Schimberni, chairman of the Montedison chemicals group.

As is the custom on Italian chat shows, the Montedison chairman was asked his opinion of various "personaggi" or famous people. He quickly attacked Mr Gianni Agnelli, the Fiat chairman who is his main adversary, and then remarked in highly equivocal terms on Mr Carlo De Benedetti, Olivetti's chairman.

When asked to name Italy's most outstanding entrepreneur, however, the acerbic Mr Schimberni did not hesitate: "Luciano Benetton," he proclaimed, naming the long-haired and soft-spoken 51-year-old founder of the eponymous sweater and jeans company.

The success of Benetton in Italy and around the world has been well documented, but now the company, which is based in the village of Pozzano, near Treviso, 20 miles north of Venice, is planning a major expansion. This calls for ambitious growth in the clothing business and unexpected diversification into financial services: all just 20 years after the company was started by Luciano and his sister Giuliana.

At the time he was a shop assistant and she a garment factory worker. The Benetton success formula was based on the company's ability to combine fashion with industry, using advanced technology such as computer-aided design. The formula, which threw away the standard rule book on retailing, called for the creation of a marketing package in which distinctive Benetton shops sold only simple and brightly coloured Benetton clothes. Much of the piece-working is farmed out and thus done outside Benetton's main factory, allowing the company flexibility in production costs.

A brief stroll through the computer-aided design centre at Pozzano, where a young woman stands at a drafting board with a "digitiser" in hand, tapping out the co-ordinates of a sweater front, displays Benetton's technological edge. Apart from the computer-programmed cutting machines, which turn out 15,000 full garments every eight hours, there is the General Electric Mark III data transmission system, which gives daily updates on sales.

Then there is the highly modern factory, located a few steps across the garden from Luciano's office in a 17th century restored villa. At the factory, workers can dye unbleached wool garments in

270 colours for quick stock replenishments which are then despatched round the world within days.

Oddly, the most dazzling aspect of the Benetton operation is its recently-completed £30m automated warehouse, capable of handling up to 40m garments a year, and staffed by fewer than 10 people.

Financial success has been equally eye-catching. The company, owned by Luciano, Giuliana, and their brothers Gilberto and Carlo, has just unveiled a 140 per cent leap in net profit to L96bn (£42m) on L880bn (£385m) of 1985 sales.

Next month Benetton is to go public on the Milan bourse: 30 per cent of the offer will be sold to investors in London. The equity issue comes together with planned lira and Euro Deutsche-mark bonds. Taken together these moves should raise an initial £15m, and eventually total as much as £270m.

The company's shares will be offered at 15 times earnings, or less than half the average price-earnings ratio on the booming Milan bourse. The offer will value Benetton on the market at \$1bn.

Milan analysts say that is about right for a company which will this year have doubled the size of its world shop network in three years, with 60 per cent of sales now coming from outside Italy.

Following the quotation of 10 per cent of Benetton on the Milan bourse this summer (another 10 per cent will come from the exercise of equity warrants attached to bonds), the company will go into the US commercial paper market in the autumn and hopes to make its debut on Wall Street in 1987.

The company, which has 3,200 shops in 57 countries, has also just announced plans to open nearly 800 shops this year, with the biggest growth coming in the US (181 new shops for a total of 600 by the year-end) and Britain (71 new shops for a year-end total of 285). The goal is a total of 7,000 shops in the next five years.

At the same time two bankers Luciano hired from the Bank of Italy as his managing director and finance director will busy themselves with the ambitious financial services strategy. Benetton says it will expand its leasing and factoring subsidiaries, which already generate £17m of business (not in the company balance sheet) a year. Within two years we hope to achieve a 50-50 mix in group turnover between industrial and financial revenues," says Mr Aldo

Palmeri, managing director. Benetton has just received permission from the Foreign Trade Ministry in Rome to operate outside Italy in factoring.

Benetton already owns 20 per cent of the private Banco di Trento e Bolzano in northern Italy, recently acquired two 10 per cent stakes in leasing companies in France and West Germany which are run by Banca Nazionale del Lavoro, Italy's biggest bank, and plans this autumn to launch a Milan-based investment banking business for the clothing and textile sector, in partnership with another big Italian clothing manufacturer.

This investment banking business will take Benetton into the field of currency swaps, corporate finance, underwriting and syndicated loans.



Left to right, Luciano, Gilberto and Carlo Benetton with Giuliana Benetton in foreground

## Hot service in the fast food of fashion

THE BENETTON family dislikes calling its network of 3,200 shops in 57 countries a franchise system because the shop owners pay no royalties. Nonetheless, Benetton retailers are subject to a variety of terms and conditions as demanding as franchisees in the McDonald's hamburger network. In the retail business, Benetton is generally considered the "fast food of fashion."

Benetton owns hardly any of its shops and has found little difficulty in getting entrepreneurs all over the world to invest between \$10,000 and \$300,000 per shop. Benetton approves location of the shops and Luciano personally vets the more strategic sites.

The interiors and exteriors, generally in vivid Benetton green, must be decorated according to Benetton taste and with Benetton-chosen furnishing and of course the shops must sell only Benetton clothes.

The crucial point, though, is that Benetton can increase the number of outlets around the world at practically no investment cost to itself. This has freed up capital for advanced communications and automated production systems.

The key to the system is the network of 180 agents, each with a designated geographical region (the US is broken down into 12 regions). The agents work on commission: they are not Benetton employees, but they must be Benetton shop owners.

Their main task is to organise the four-times-a-year presentations of fashion collections to retailers; then to take orders and relay them to Pozzano—Benetton produces entirely to order and no returns are allowed. But because the "clients" or shop owners are required to commit to specific orders seven months before the selling season, several opportunities are provided to adjust orders during this period.

Mr Carlo Gilardi, Benetton's finance director, concedes that the plan appears to be over-ambitious. The company, he says, has a handful of bankers from Citicorp. "We have currency swap specialists and factoring and leasing specialists," he claims, although he admits that it will be necessary to "enlarge our human and managerial resources substantially to reach our goal."

It is also important to note that the funds being raised on the stock market and the Euro-markets will be devoted almost entirely to expanding the stores network. Leasing and factoring remain in their infancy in Italy, and several other industrial companies, including Fiat and Olivetti, are developing financial services ventures or seeking such ventures in partnership with financial institutions.

Talking about all of this, and looking rather owlish with his wire glasses, open face and long grey-brown hair, Luciano Benetton smiles broadly as he leans across his desk. The share issue is "a grain of sand in the current Milan bourse," he says, promising that his family will not take its proceeds "to the casino." Instead he notes that the Benettons will probably invest much of the cash in their family-held 13 clothing companies which are, coincidentally, among the subcontractors which receive Benetton work. These companies, with £500m of annual turnover, are held by the Benetton family's Olimpia and Edizione private holding companies and employ a total of 1,200 people. Benetton itself employs 1,400 workers.

So, the Benetton strategy, Luciano says, is for the family to maintain good rapport with its suppliers of yarn and pieceworkers by owning shares in several of them. Likewise the leasing subsidiaries help to secure "sub-contractors" (Benetton itself is the area machine and equipment supplier). "We like to have the door open behind and also in front. Benetton sees its future from an angle of 380 degrees," says Luciano.

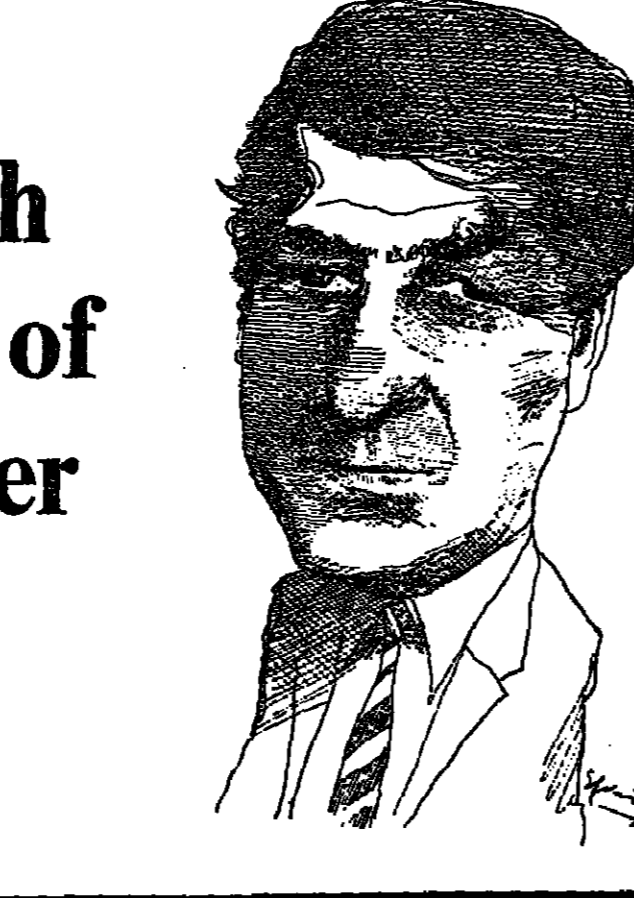
The founder of Italy's big casual clothing company, 101 and sounds restless. In moment of weakness he confesses that he does not wear Benetton clothes that often. He likes to "experiment." Experiment today is a musty yellow, cotton, button-down shirt from Brooks Brothers Madison Avenue.

## Man in the News

### Ruud Lubbers

# A Dutch master of the sober school

By Laura Raun



"I am amazed over our victory," was the immediate, election night comment of the 47-year-old Christian Democrat prime minister, as his centre-right coalition prepared to extend a regime which has been marked by austere economic policies in a country famed for its commitment to high levels of social spending.

Rudolphus Franciscus Marie Lubbers has established himself not only as the leader of a party which was almost eclipsed by Labour in the early 1970s, but arguably as the most popular politician in recent Dutch history.

"The gains can be attributed to sobriety," he says. "It is a confidence vote that is also a result of the many people who traditionally haven't voted Christian Democrat. It is a breakthrough for the future."

Technically, the Dutch people must wait a while before knowing for certain whether Mr Lubbers will continue as prime minister. Even after such a spectacular victory, the Dutch system provides for lengthy negotiation between coalition partners and Mr Lubbers remains free to decline the position of Prime Minister in favour of a Christian Democrat colleague.

The Liberal leader, Mr Ed Nijpels yesterday predicted a five-week formation period, which might be a record, as political experts believe the quickest to date took nine weeks. The longest, in 1977, took seven months.

among the people that another was possible, better and with more perspective."

Mr Lubbers has worked hard to contrast this sober, sensible message with the alleged excesses of Mr Joop Den Uyl, the veteran Labour leader, who led his party into the elections for the sixth time. Mr Lubbers succeeded in turning the election into a personal contest between his own reasonableness and higher public spending, higher taxes and re-opening of the cruise missile issue threatened by Labour.

The Christian Democrat-Liberal coalition now has a clear mandate to get on with its business. The Christian Democrats, an amalgam of three protestant and catholic parties, have already promised some easing in the economic austerity programme. Paring the national budget deficit and shrinking the public sector remain goals, but progress is expected to be slower.

The new cabinet is expected to have one or two more Christian Democratic ministers and one or two fewer Liberals, putting the Christian Democrats more firmly in the driver's seat. A seeming paradox is the fact that the Christian Democrat gains cut across recored public sentiment on a number of issues. Opinion polls show a large part of the population against nuclear energy and in favour of the euthanasia law; not to mention the strong pressure for greater equality between the sexes.

The latter issue has always been difficult for the Christian Democrats in a country where fewer women work outside the home than almost anywhere else in Europe.

The simple answer, perhaps, is the strong paternalism which runs through Dutch society. The Dutch trust Mr Lubbers to do the right thing.

He will slow down economic austerity before the welfare system is destroyed and he will ensure that euthanasia is not abused when a law finally is passed. Sexual equality—well, that will evolve in time.

At a rather young age, Mr Lubbers is already the elder statesman.

A GENTLEMAN'S STICK DEODORANT

CHANEL

FOR GENTLEMEN

Corps diplomatiques

Handwritten Arabic text: حركه من الاحول







RECENT ISSUES

EQUITIES

Table of equity prices for various companies, including columns for stock name, price, and change.

FIXED INTEREST STOCKS

Table of fixed interest stocks, including columns for stock name, price, and change.

"RIGHTS" OFFERS

Table of rights offers, including columns for stock name, price, and change.

Japanese electronics hit by steeply rising yen

BY CARLA RAPOPORT IN TOKYO
TWO MORE Japanese electronics exporters yesterday announced sharp declines in profits...

Mitsubishi shows flat earnings at Y52bn

By Our Tokyo Staff
MITSUBISHI Corporation, Japan's largest trading house, yesterday reported flat profits...

Eurobond index plan for futures markets

BY ALEXANDER NICOLL IN SINGAPORE
BY THE end of this year the Association of International Bond Dealers (AIBD) hopes to have an index available enabling futures and options contracts to be based on Eurobonds...

Fibre groups suffer falling sales

BY YOKO SHIBATA IN TOKYO
JAPAN'S seven leading makers of synthetic fibre supported profits in the year to March by non-textile activities and investments...

SAS reports 29% interim increase

By Kevin Done, Nordic
Correspondent in Stockholm
SAS, the Scandinavian airline group, increased profits before tax by 29 per cent in the first six months of this year...

AIBD go-ahead for study into Nasdaq-style trading

BY ALEXANDER NICOLL IN SINGAPORE
THE AIBD yesterday voted overwhelmingly to back an extensive study of the US National Association of Securities Dealers Automated Quotation (Nasdaq) over-the-counter share market...

WestLB makes good start with 9% operating gain

BY JONATHAN CARR IN DUSSELDORF
WESTDEUTSCHE LANDESBANK (WestLB), West Germany's biggest public sector bank, expects group operating profit this year at least to equal the 1985 level...

Asset disposals boost MHI net income

BY OUR FINANCIAL STAFF
MITSUBISHI Heavy Industries (MHI), Japan's largest maker of heavy machinery, showed a 33.2 per cent fall in pre-tax profits to Y58,250bn (\$344.2m) in the year to March...

Nedbank to raise R345m

BY JIM JONES IN JOHANNESBURG
NEDBANK, South Africa's third largest banking group, is to re-finance itself with a R345m (\$151.7m) share issue...

THE FINANCIAL TIMES is proposing to publish a Survey on THE WATER INDUSTRY July 9 1986

LONDON TRADED OPTIONS table with columns for call and put options for various companies.

Texas oil groups fight for survival

SEVERAL NEW merger agreements between oil service companies battling for survival have been announced in Houston...

JAPANESE RESULTS

Table of Japanese company results for FYH Electric Machinery and Furukawa Electric Cable.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data for various companies.

LADBROKE INDEX

Ladbroke Index table showing FT index values and other market data.

Usher-Walker Printing inks and rollers

Advertisement for Usher-Walker Printing inks and rollers, including a logo and product details.









AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various insurance and unit trust products, including 'Santitas Fund Management Ltd', 'Abbey Life-Continued', and 'Church of England Unit Trusts'. Includes columns for product names, descriptions, and prices.

Table listing various insurance and unit trust products, including 'Church of England Unit Trusts', 'Chartered Medical Managed Funds Ltd', and 'Colonial Mutual Group'. Includes columns for product names, descriptions, and prices.

Table listing various insurance and unit trust products, including 'Imperial Life Assurance Ltd', 'London Life-Continued', and 'Lancaster & Manchester Group'. Includes columns for product names, descriptions, and prices.

Table listing various insurance and unit trust products, including 'M & G Group', 'National Mutual Life', and 'Scottish Equitable Life Assurance Society'. Includes columns for product names, descriptions, and prices.

INSURANCES

Table listing insurance products under the 'INSURANCES' header, including '44 Priority Society' and 'Abbey Life Assurance Co Ltd'. Includes columns for product names, descriptions, and prices.

Handwritten text: 'JAMES W. B. S. O.' in a box.



UPN 11350

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including Standard Life Assurance Co Ltd, Prudential, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds, including Helmsworth Assurance Co Ltd, Overseas Assurance Co Ltd, and various international investment funds.

Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

Table of traditional options, including 3-month call rates and various option contracts.

Vertical text on the right edge of the page, possibly a page number or reference.

LONDON SHARE SERVICE

Table containing various financial data including '37758 FUNDS', 'AMERICANS-Cont.', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', 'FOREIGN BONDS & RAILS', and 'AMERICANS'.

Main table for 'LONDON SHARE SERVICE' containing sections for 'BUILDING, TIMBER, ROADS-Cont.', 'DRAPERY & STORES-Cont.', 'ELECTRICALS', 'CHEMICALS, PLASTICS', 'GRAPERY AND STORES', 'BEERS, WINES & SPIRITS', and 'HOTELS AND CATERERS'.

Table containing 'INDUSTRIALS-Continued', 'FOOD, GROCERIES, ETC.', and 'INDUSTRIALS (Misc.)'.

Handwritten scribbles and markings at the top of the page.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Table with columns for stock names, prices, and changes. Includes companies like Anglo-Siam Corp, Anglo-Siam Ltd, Anglo-Siam (1967) Ltd.

Notes and additional information at the bottom of the page, including 'NOTES' and 'PLANTATIONS' sections.

IF YOU WANT JAPAN... Wardley

Teachers' union loses test case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE National Union of Teachers has lost an important legal test case over the extent of teachers' obligations under their employment contracts.

played by the teaching unions during the dispute.

Mr Nigel de Gruchy, deputy general secretary of the National Association of Schoolmasters' Union of Women Teachers, described the High Court judgment as "a defeat for the whole profession."

Cover arrangements, like school timetables, were administrative directions made by the head teacher for the proper conduct of the school.

Although it was not part of a teacher's obligations "to jump whenever told to do so by the head teacher," he or she must comply with reasonable direc-

tions. The evidence left no doubt that teachers had always accepted a professional obligation to cover for absent colleagues.

The judge said that although cover was not expressly required by teachers' contracts, it was a part of their professional obligations, the discharge of which was among their contractual duties.

The NUT said later it would have to study the judgment before deciding whether to appeal. The union expressed concern at the implications of the ruling which, it said, appeared to give head teachers very wide-ranging powers.

Mr Doug McAuley, the NUT's deputy general secretary, said the judge had been forced to "construct a duty out of the air," having failed to find any specific reference to cover in teachers' contracts.

A Question of Merit, Page 9

Details issued on pension fund surpluses

BY ERIC SHORT

PROPOSALS in the Finance Bill to cut excessive pension fund surpluses are unlikely to inhibit future pension increases, as was feared by the pensions industry.

This was one assessment made by pension actuaries yesterday after considering further details issued by the Inland Revenue. These supplement the original statement made by Mr Nigel Lawson, the Chancellor, in his March Budget.

However, the document contains no indication that the Government has accepted other important criticisms made by employers, trade unions and the pensions industry.

The Chancellor proposed that when the assets of a company pension scheme exceeded its liabilities by more than 5 per cent, the surplus should be taken back to the 5 per cent level within five years.

This could be done either by increasing benefits, reducing the contributions of employers and employees, or making refunds to employees. Any refund

would be subject to a tax charge of 40 per cent—a liability which would be separated from the company's other tax affairs.

The document describes in detail the basis which would be used by pension scheme actuaries in calculating the value of assets and liabilities when determining surpluses.

However, it still refers to the 5 per cent limit and the five-year period, despite strong representations that the limit is too fine and the period too short.

A limit of 10 per cent and a period of 10 years are considered more acceptable.

The section of the Finance Bill is expected to be discussed in Standing Committee on June 3, when the Government's final views on these points are expected.

Methods of calculating assets and liabilities are being recommended by Mr Edward Johnston, the Government Actuary, following discussions with the actuarial profession.

Actuaries were pressing for assets to be valued by dis-

counting future investment income rather than using current market values and this basis is being put forward in the document. The value of an asset would be determined by discounting all future income payments and any guaranteed capital repayments at an interest rate of 8.5 per cent a year.

Future equity dividends, property rents and income on other variable interest investments, other than index-linked gilts, should be increased at 3.5 per cent a year.

On current dividend yields averaging 3.9 per cent, this discounted basis would produce notional values for UK equities of about 80 per cent of current market values.

With such a differential, the 5-per cent limit is acceptable to many actuaries. However, if dividend yields were to rise to 5 per cent, the differential would disappear and the 5-per cent limit would become slim.

The liabilities would be valued on the assumption that

investment returns average 8.5 per cent a year and employees' earnings generally rise each year by 7 per cent. However, actuaries could adjust the earnings rise to allow for promotional increases.

In addition, actuaries could adjust for increases in pensions in payment. The calculation might be based either on increases actually made over the previous three years, or a higher rate of increase might be allowed provided that the employer and the trustees of a pension scheme made a joint declaration of intent to the Superannuation Funds Office of the Inland Revenue. They would also be required to inform employees.

This would allow employers to build up surpluses in the pension scheme for the purpose of making future pension increases.

The document sets out separate rules for dealing with surpluses when a pension scheme is wound up.

Ratners agrees to take over H Samuel

By David Goodhart

RATNERS, the rapidly-growing jewellery chain, has agreed takeover terms of £149m for its larger rival, H. Samuel.

The deal, expected after Ratners had acquired 27.7 per cent of H. Samuel on May 6, will create a group with 550 shops, sales of £150m and a 13 per cent share of the UK jewellery market.

Mr Anthony Edgar, chairman of H. Samuel, eventually agreed to sell his family's business and goes on to the joint board as executive chairman.

Mr Edgar has also agreed to accept the offer in respect of his 33 per cent holding. Including shares held by the rest of the board — which is recommending the bid —

Ratners now owns or has undertakings for, 66 per cent of the share capital.

The recent performance of the two companies is in sharp contrast. H. Samuel, which yesterday released its results for the year to February 1, 1986, reported pre-tax profits only marginally up, from £5.7m to £5.8m, on turnover risen from £122m to £126m.

In 1980, H. Samuel made a pre-tax profit of £15m. But, although it had spent heavily on refurbishing its 350 shops, which services the middle to upper part of the market, it has been unable to reproduce that performance.

Ratners made pre-tax profit of £2m on turnover of £32m, from its 170 much smaller shops, in 1984, with £425m profit estimated for 1985-86.

In the two years since Mr Gerald Ratner, 36, took over as chief executive, sales have increased by 75 per cent. There has been a move down-

market. Mr Ratner said yesterday that he hoped to produce a similar sales increase at H. Samuel to that achieved at Ratners. The jewellery market is highly fragmented, with small independent concerns accounting for more than 50 per cent.

H. Samuel has enjoyed the largest market share, Ratners being second with about 4.5 per cent.

The ordinary share offer for every five H. Samuel shares is six Ratners shares, plus four new convertible preference shares and 380p in cash. The "A" ordinary (non-voting) share offer for every 20 H. Samuel is 10 new ordinary Ratners shares, plus seven new convertible preference shares and 595p in cash. The preference offer is 85p in cash for every H. Samuel cumulative preference share.

The offer values each ordinary share at 360p, each "A" share at 150p. There is also a cash alternative of 330p for each H. Samuel ordinary and 137.5p for each "A" share. Ratners is issuing 47.1m new ordinary shares, representing 53 per cent of the enlarged share capital, and paying £25m in cash.

Ratners is contributing 20 per cent of the assets and earnings. Its share price fell yesterday by 1p to close at 160p, with H. Samuel rising 10p to close at 355p. Precious jewellery sales will decline, Page 6

THE LEX COLUMN

Movement but no method

Seeing is not believing as far as the psychics of the market are concerned. Whereas a fall of less than 3 per cent in the FT SE 100 a week ago caused some people to question the future of the 12-year bull market, this week's rise of over 3 per cent is shrugged off as of no consequence.

Thin volumes may have led to do with the lack of pre-holiday euphoria, combined with fear of further crushing rights issues.

To the extent that the rise was not merely jobbers' daily marking up in the wake of a strong Wall Street, it stemmed from political arguments that the Government is about to relax the monetary straitjacket to engineer the pre-election boom.

This is apparently good news for equities whereas the prospect of a reactionary Labour government is holding back equities from their earliest trajectory. The cut in base rates was grist to this mill, but if this was a government-inspired move to see sterling at a more CBI-ish rate against the DM prior to joining the European exchange rate mechanism, it did not work.

British Telecom

British Telecom shares have performed dismally in the bull market. Until they flipped yesterday on rumours of a Japanese listing, they had underperformed the market by nearly 20 per cent over the last 12 months.

At the float it was easy to see the group as a monopoly supplier in a fast-growing, hi-tech, high-margin market with scope for greater efficiency. The controls imposed by OfTel and by BT's licence did not seem onerous and the prospect of competition and the next election were still distant.

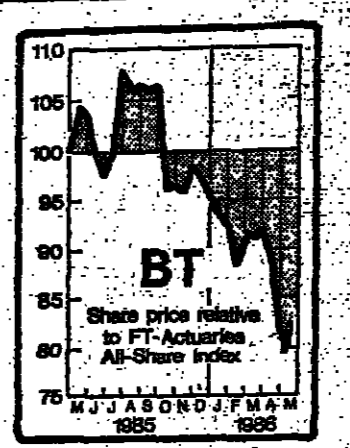
Now the picture is not so clear, and investors are not so keen on what they see.

Since the days of the flotation roadshows and quick staging profits doubts about the earlier assumptions have crowded in. At the simplest level the inflation-linked ceiling on revenues persuades some analysts to regard BT as no better than an index-linked income stock.

Falling inflation has made the RPI less 3 per cent formula for the limit on the basket of price increases look much tighter, especially as wages have been rising faster than the RPI.

More important could be the effect of competition on revenues when Mercury gets its long-distance service going. Although some competition will

Index rose 15.1 to 1331.4



built into the original package, the possibility of Mercury plugging into the BT network at prices 15 to 20 per cent below BT's got ignored almost until the day it happened.

Even if Mercury wins as little as 5 per cent of the market, it may expand that will be the most profitable 5 per cent. BT's best business is bunched among relatively few big customers.

BT has yet to respond to the Mercury threat, though chairman Sir George Jefferson has hinted that BT will not be panicked into anything and that the market is growing fast enough to accommodate the two rivals.

Analysts are anxious to know what BT's move will be not only as a guide to future revenues but also to judge BT management's ability to handle competition.

Some argue that management coming from the public sector just does not have the market place savvy to react correctly. Meanwhile concern about Mercury competition is encouraging the more bearish analysts to forecast actual falls in profits in the late eighties.

Doubts about the strength of BT's management go even further. The acquisition of a 51 per cent stake in Mitel, the long-making Canadian telecommunications equipment maker, has brought a problem requiring time and effort, distracting management from the work it must do at home.

Mitel's £160m net loss for the year to March, largely before completion of the deal, must have included all foreseeable nasties and future losses are at any rate likely to be small in the context of BT's profits.

BT shares, with the rest of the market, have been unsettled by Tory losses in recent by-elections. With the prospect of renationalisation at the original flotation price if a Labour government is returned, the worry could worsen as the election approaches.

If the Labour Party did take power, it would realise that the cost of buying back the shares would be great, and prefer to buy back through the market, to regain control and leave some holders — as the existing minority in a BT that would be nationalised — to find a way of exit.

A Labour government would also have to face the other hand, might sell off shares. With both political and commercial clouds surrounding BT, the original price of 75p as a high-yielding title may perhaps not be wrong as it looked after the sale.

Lloyds/Standard

Standard Chartered's defence is evidently being conducted on the principle that some shareholders should not be treated as second-class. Admittedly, once the final stages of the share sale, Standard's claim that the necessary Lloyds/Standard US banking authorities cannot be processed before the takeover, clock runs out. But even five months into the year, there is no far-reaching indication of the degree to which Standard is following through, the earnings growth achieved in 1985, shareholders will have to wait for a profit forecast.

What they have got, though, is the medium-term earnings guardrails promised by Lloyds/Standard. Such a making another incursion into the London bid scene — is a valuation of Standard's United Bank corp subsidiary at between \$500m and \$600m, or nearly half the total offer. Standard argues that such a valuation does not leave much of a price for the remainder of the business, which made 82 per cent of the 1985 profits.

Lloyds will doubtless argue that United Bancorp is not actually on the market, which has therefore not given any backing to the hypothetical valuation.

In any case, there is still room to wonder how valuable some of Standard's other assets really are; the document reveals a previously unquantified £15m loss in profits from Malaysia, and reminds shareholders of past European losses. The wrangling has a long way to go.

UK bans imports of S. African gold coins

BY PETER RIDDELL, POLITICAL EDITOR

BRITAIN has prohibited imports of gold coins originating from South Africa, including the new Protea coin and kruggerands.

The ban, effective from midnight yesterday, implements a commitment given by the Commonwealth Heads of Government, including Mrs Thatcher, last October in the Bahamas to consider action to preclude the import of kruggerands.

The timing reflects South Africa's decision to mint the Protea coin to offset declining kruggerand sales.

The decision follows a lengthy Government debate about what action to take, given the UK's reluctance for export/import constraints in the light of its commitment to international open trading agreements, and its specific opposition to the use of economic sanctions.

There has recently been a vigorous argument within Whitehall about whether the more sympathetic to economic sanctions, as the Foreign Office believes, or whether it should maintain its strong opposition.

Sanctions, he argued, would make the Government's task more difficult.

as Mrs Thatcher still argues. This has apparently led to some tense meetings between Mrs Thatcher and Sir Geoffrey Howe, the Foreign Secretary, who announced the ban in a parliamentary written answer yesterday.

The ban does not cover imports of gold coins from third countries if the coins have been used in commercial transactions there.

The Government would undoubtedly take a serious view of any attempt to divert into the UK gold coins from

South Africa, which have not been so used. If third countries were merely used for "laundering" such coins, the position would be reviewed.

UK imports of kruggerands totalled £813,000 in 1985, down from £941,000 in 1984, £16m in 1983, and £44m in 1982. These variations also reflect the fluctuations in the gold price and in other financial and taxation factors.

However, the advent of the Protea coin led to fears that the level of imports might increase sharply.

Challenge to Botha Continued from Page 1

to capitalise on the white extremist threat, thrown into sharp relief in Pietersburg. When Mr Pik Botha at last addressed the party faithful at a different venue on Thursday, he recalled that he had long tried to make the world aware of the domestic risks the Government was taking in a reform programme condemned abroad as "too little too late."

His theme was that if the Government had been as modest in its reforms as the

outside world believed, why was it facing such a violent reaction from Afrikaner conservatives?

In effect, Mr Botha was pleading for recognition that the NP—whatever its apartheid past—now represented the moderate, reformist centre and as such deserved as much support as it could get from home and abroad as it fought violence from both ends of the spectrum.

Sanctions, he argued, would make the Government's task more difficult.

The ANC will doubtless resent deeply being put on a par with the AWP. There can be little doubt, however, that its recent decision to step up military operations by planting landmines on border farms for example, has contributed greatly to support for the AWP and ultra-conservative parties in the northern Transvaal.

It is here, where the farming community has been embittered by seven years of drought and faces labour unrest that the 43-year-old AWP leader, Mr

Eugene Terre'blanche, wins most support for the restoration of the pre-Boer War independent republics of Transvaal and Orange Free State.

The NP has lost its far-right wing, probably forever. The challenge facing it now is to create a broader political base for reform.

This will be discussed at a special party congress in Durban next August. The AWP are likely to be there in strength, provoking a critical test of where the police stand.

NEI to axe 800 Tyneside jobs

BY ANDREW FISHER

NORTH-EAST England received another blow yesterday when National Engineering Industries, the largest industrial employer on Tyneside, announced nearly 800 job losses in its nuclear plant and turbine generator divisions.

The redundancies follow hard on the news of 2,600 job cuts in the region by British Shipbuilders which is shedding a total of 3,500 jobs by next March. The state-owned group is closing Smith's Dock on Tyneside because of lack of work.

Swan Hunter, the newly privatised Tyneside shipyard, has warned of redundancies

because its 4,500-strong workforce is facing the loss of a £13m naval order to state-owned Harland and Wolff of Belfast and government delays in placing a long-promised frigate order.

Local MPs are pressing the Government to award the frigate contract quickly. Tyneside Shiprepair, another former BS subsidiary which has been privatised, said this week it was closing its South Shields yard and concentrating on Walsend because of a decline in work.

NEI redundancies stem partly from a drop in power station orders and partly from attempts to cut costs in the

turbine generator market where Japanese groups such as Mitsubishi are the main competitors.

The biggest cuts will be at NEI Parsons where up to 600 jobs will go. The turbine generator subsidiary employs 4,750 people and has work in Singapore, Iraq, Botswana and Brazil as well as prospects in China and Turkey but faces increasing competition and lack of UK orders.

Lucas GAV, the diesel-engine components manufacturer, is to cut 820 jobs over the next year because of a downturn in demand from agricultural equipment producers.

Shares gain Continued from Page 1

a window over the next month in which they could cut rates.

In the UK the reduction in savers' rates announced by the big building societies means that they will now be offering between 5.25 per cent and 8 per cent on their tiered investment accounts.

It has also added to the attractiveness to savers of National Savings products, the interest rates of which have remained unchanged since before the Budget in March.

the banks will attract an interest rate of 6.625 per cent, down from 7 per cent. Bonus savers can expect 6.375 per cent, down from 6.75 per cent, and regular savings accounts 4.375 per cent, down from 4.75 per cent.

Interest rates on bank deposits will fall from 6.75 per cent to 6.25 per cent as a result of the base rate cut but some higher interest accounts will be unchanged.

The Bank of England yesterday announced the issue of £100m of 3 per cent Treasury

1991 gilt-edged securities at a minimum tender price of 886 per cent.

In a quiet day's trading before the holiday weekend in both Britain and the US, sterling rose slightly against the dollar to close at \$1.4960. It also edged ahead against the D-mark rising by 1 of a penny to DM 2.050.

The dollar fell slightly against the D-mark, ending nearly 1 of a penny down at DM 2.2750, while it gained against the yen, rising from Thursday's close of ¥169.25 to ¥169.65.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Table with columns for RISES and FALLS, listing various commodities and their price changes.

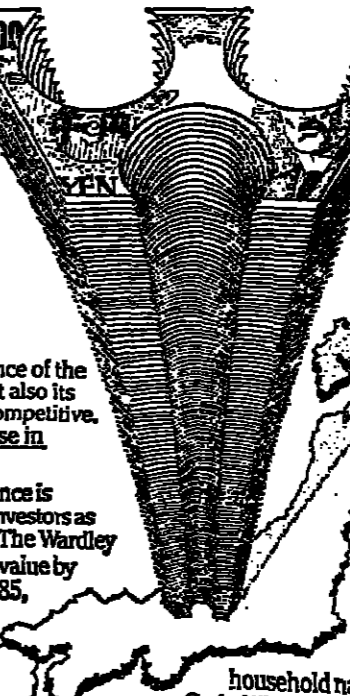
WORLDWIDE WEATHER

Table showing weather forecasts for various cities worldwide, including temperature and conditions.

THE WARDLEY JAPAN GROWTH TRUST

EVERY £10,000 INVESTED HAS NOW GROWN TO £40,600 SINCE OCTOBER 1982

If you had taken the opportunity to invest £10,000 in the Japan Growth Trust when it was launched in October 1982 you would have seen your money grow to a staggering £40,600 (by 23rd May). That's a growth of 302% in under four years. Have your investments performed as well over this period?



Our aim is to provide unitholders with good long-term capital appreciation from an actively managed portfolio of Japanese securities — our key concern is to achieve capital growth — income is not a prime consideration with the yield estimated at around 0.2% per annum.

Wardley's consistently outstanding investment record

Not only has the long-term performance of the Japan Growth Trust been remarkable but also its 1986 performance has been extremely competitive. Units have shown a dramatic increase in value of 41% since 2nd January 1986.

This remarkable investment performance is increasingly being accepted by serious investors as proof of the course for Wardley Unit Trusts. The Wardley International Growth Trust has grown in value by 59% since its relaunch in November 1985, and the Wardley European Growth Trust has increased in value by 112% since it was launched in January 1985.

How do Wardley do it? The answer is simple. Wardley's professional team of expert advisers work exceptionally hard in analysing, interpreting, and forecasting market movements. Our Japan Growth Trust is actually advised by our Fund Management team in their Tokyo Office. They are 'on the spot' to take advantage of investment opportunities as and when they arise.

In fact, although the Nikkei-Dow index has itself grown rapidly over the last four years, it has been consistently beaten by the Wardley Japan Growth Trust.

Will the Wardley Japan Growth Trust maintain its growth performance?

We believe that future prospects for continued growth from this Fund look excellent. As the Japanese economy continues to flourish, selective investment opportunities are likely to be found in companies with household names such as Sony, Honda, JC Casio, Nikon and Toshiba. Of course, this rate of value of the units and the income from them can go down as well as up.

Your Next Move

We've a new brochure which gives the Japan Growth Trust's investment policy in detail, and outlines the full history of the Fund.

For your copy or details on how to invest call 01-329 1530 or 1534 or write to Dept. Japan, Wardley Unit Trust Managers, Wardley House, 7 Devonshire Sq, London EC2M 4HN.

Wardley Fund Managers Worldwide logo and contact information.

# WEEKEND FT

سنة من العمل

Saturday May 24 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Dead a decade, he is well on the way to becoming one of art's greatest patrons

## Getty's artful legacy

By Michael Thompson-Noel

**H**ARBITTEN oilman. Philandering husband. Spectacular lover. Bohemian expatriate. Miserly art collector. Bon vivant. Mid-western hick. Puritan. Coward. Snob. Cheat.

Ten years after his death, the reputation of billionaire oilman J. Paul Getty is still as sickly as the price of crude. As the Los Angeles Times put it when reviewing two recent biographies: "Oil Man Getty Was No Mr Nice Guy, Books Say."

Yet there are signs that the J. Paul Getty name is due for re-etching—that the caravaggesque tones and fleshy modelling of the contemporary Getty portrait are just a touch out of date. At the same time, the old rogue's imperial fantasies seem about to bear fruit. If so, they may well confirm him as one of the greatest patrons the art world has known.

This is what he always wanted. Norris Bramlett, Getty's personal assistant, has said that Getty "wanted to make sure his name would be perpetuated as long as there was civilisation." Ten years ago, when the dead billionaire was shipped home to California in the cargo hold of a TWA jumbo jet on a scheduled flight from London's Heathrow Airport, such a wish sounded fanciful. But not any more.

To glimpse a little of what is happening takes two short journeys, the first from central Los Angeles to the J. Paul Getty Museum at 17985 Pacific Coast Highway, Malibu, one mile north of Sunset Boulevard; the second back into the city, along the Santa Monica Freeway, to Century Park East, Suite 2300, which is where the Getty Trust is based.

The Malibu museum is housed in a re-creation of the Villa del Papir, which stood outside the walls of Hermonopolis on the Bay of Naples and was destroyed and buried during Vesuvius's eruption of AD79. Getty built the Malibu museum to accommodate his fast-growing collection of Greek and Roman antiquities, Renaissance and Baroque paintings, and European decorative arts (principally sumptuous French furniture). The museum cost \$17m. Though Getty never went to see it, he is buried there, with two of his five sons under a slab of granite guarded by closed-circuit monitors. When it opened in 1974, the building was ridiculed by some critics as kitschy folk art akin to Disneyland or Forest Lawn.

Tastes change fast, however, especially in pillaged southern California. "It was kind of weird when it first opened," one professor told me. "Here you were in this supposedly Roman villa

gazing into room after room of gorgeous French furniture. It seemed the tackiest idea, but not any more. Now it's OK, even studied and admired."

Yet the Malibu museum is destined to pale into relative insignificance when set against the grander visions of the J. Paul Getty Trust, which runs the museum and whose vaulting ambitions are supported by great buttresses of cash.

Chief among these is a \$100m-plus arts complex in the hills above LA, incorporating an entirely new museum. It is from this vantage point that the J. Paul Getty Trust will look down upon its world—the poodles and palm trees, bleary old Hollywood, Sunset and Wilshire, Chasen's and Hymie's and La Dolce Vita (try the Steak Sinatra), the pushers and takers and have-a-nice-dayers. Assemblyman Gray Davis of Beverly Hills says that the new Getty centre "could well become an American Acropolis." In the view of Nancy Englander, director of programme planning and analysis for the trust, the centre will be "unique in its philosophical underpinnings, in the concept of looking at the history of art in the context of the humanities."

It was not until Getty's death in 1976 that it became known that he had left the bulk of his personal fortune to the trust. Biographer Robert Lenzer says: "It was an amazing and uncharacteristic legacy. Getty placed no restriction on the money so long as it was used 'for the diffusion of artistic and general knowledge.' The museum's trustees can sell every work of art and collect early maps of postage stamps if they so wish. By way of comparison, Henry Clay Frick, whose museum Getty greatly admired, prohibited his executors from buying or selling a single work of art."

Getty's death left two separate pools of wealth, together worth more than \$2bn, including his personal holding in Getty Oil Company (some 4m shares) worth \$661,943,577.50. This fortune, plus some more, was destined for the art trust. The money just grew. By March 1982, after ferocious legal wrangling, the sum had nearly doubled, so that the trust received \$1.2bn in assets from Getty's estate. At this point the trust launched an investment programme, retaining seven investment firms to manage the non-Getty stock financial assets.

Still the money grew. In May 1984, with the sale of Getty Oil to Texaco, four more firms were added. Overseen by the trust, these 11 firms place all the investible stock in equities and US Government-backed securities. By December 1984 the trust's wealth had grown



Drawing by Kevin Gray (with apologies to William Blake)

to \$2.3bn, thanks to strong stock and bond markets and the sale to Texaco.

And still the money grows, aided by Wall Street's bull rush. Recently, at Century Park East, I asked the trust's president, Harold M. Williams, if he knew, offhand, how much the trust was worth. He smiled indulgently. "As of last Friday, I just happen to know, the figure was \$2.819bn." We were talking when the Dow Jones index was teetering just below 1800. Two days later, just before the Dow closed above 1800 for the first time, I met him at a lunch in Santa Monica. He beamed again, and said that the Getty was now "taking money off the table" by selling equities. What goes up is likely to go down, but the growth of the trust's fortune since 1982 adds a modern varnish to Getty's own remark, now almost 30 years old, that "a billion dollars isn't what it used to be." This year, says Williams, the trust will spend approximately \$100m.

In recent times the museum's rate and scope of acquisition has grown furiously. It has bought masterpiece paintings, such as Mantegna's The Adoration of the Magi, which fetched a record \$8.1m at Christie's in London last year, sparking renewed and bitter cries that the Getty was plundering Britain's art wealth. It has bought a Millet here, a Goya there—in all, about 30 notable paintings in the last three years.

It has strengthened its collections of Greek, Roman and decorative arts and has branched into new areas: more than 150 Old Master drawings, illuminated manuscripts (starting with the seizure in 1983 of the collection of Irene and Peter Ludwig of Aachen, the world's finest holding then in private hands), European sculpture and works of art, and photographs.

The Getty's cup runneth over, but it is now embarking on a plan of growth that should do for Getty's memory what

his womanising and his meanness and the sheer crush of envy denied him while alive. Given the magnitude of Getty's legacy and the freedom it conferred, the trustees have made commitments in three major areas, in addition to the museum: scholarship, conservation and education. As a result, seven major operating programmes are now in action. These include the Getty Centre for the History of Art and the Humanities, the Getty Conservation Institute and the Getty Centre for Education in the Arts.

Grandiose works lie ahead, including the vast new arts centre, the largest cultural project in southern California, that will be built on part of a 162-acre site, north of Sunset Boulevard, in the Brentwood Hills of West LA. The antiquities will stay in Malibu, so that the present building will be entirely devoted to Greek and Roman art, such as the great "Getty Bronze," and the Lansdowne Hercules. The rest of the collections will move to the new museum, which ought to be ready by about 1993.

Envy and suspicion still cling to the trust as they did to its founder. Newsweek has said that the concern takes two broad forms: "The first is the 'Getty as Mr Hyde.' From this perspective, the Getty may seem to be composed of mild, intelligent people who wear glasses, but it is actually a gorilla. It will push others aside to devour the world's dwindling supply of art. The British, in particular, worry that the Getty will run off with their patrimony. The second concern is the 'Getty as Dr Jekyll.' From this perspective, the Getty will become respectably dull... Over the years it will sag into a pleasantly snug, lazy, isolated position—a rich monastery for the arts."

To steer it through the minefield, the trust employs some of the best people money can buy. Harold Williams, its president, has been chairman of Norton

Simon, was dean of UCLA's Graduate School of Management and was chairman of the Securities and Exchange Commission under President Carter. Of the Getty's grandiose plans he says: "We're beginning to be understood."

The director of the museum is John Walsh, formerly curator of paintings at the Museum of Fine Arts, Boston, and visiting professor at Harvard. The director of the art history centre is Kurt Forster, formerly a professor of art and architecture at Stanford, Yale and MIT, as well as director of the Swiss Institute in Rome.

In describing the character and goals of the new museum, Walsh says it will be "an elevated place where art is respected, where the public gets uncondescending guidance, and where integrity reigns."

The architect chosen for this brave new building is the American Richard Meier, the much-garlanded designer of Frankfurt's new museum of decorative arts. Walsh says the choice of Meier involved the Getty in a "great act of faith." A rival architect has warned that Meier will produce a "big refrigerator." Meier has said: "I'm open to every possible material that will work on that hill, in that climate, including wood and stone." Walsh told me recently: "We've had one-and-a-half years of talk, but nothing resembling a doodle. The doodling starts this spring."

What has not been decided is how much to spend against the threat of earthquakes. Walsh says: "We're anticipating the possibility of a 'catastrophic' earthquake. We'd be crazy to do anything else. This building (Malibu) is protected against severe earthquakes. We've analysed the new site. First you isolate the building, then the works of art. What we don't know is to what height on the Richter scale we'll build to." (A few nights later, in San Fran-

cisco, I was crossed in my bed by a goodly shake, the third in three days in northern California, that measured 5.8 and made the skyscrapers sway.)

Sitting in Walsh's tranquil office in Malibu, the shouts and murmurs of British critics who claim that Getty-buys is plundering Britain's heritage sound like the whispering of liars in the gardens outside. "We've had a fairly quiet period," he says. "Perceptions have changed. We're no longer seen as a voracious museum driven by the tax laws to wrinkle everything out of English houses." The Getty stresses that it has no intention of becoming a large general museum; that it sets strict limits at auction, and that it does not employ agents or make offers on privately-owned works of art. In addition, it says, scrupulously honours the letter and spirit of Europe's export laws, something for which American museums were not previously renowned.

Its appetite for great paintings stems directly from J. Paul Getty's niggardly reluctance to buy Old Masters. He bought wonderful classical statuary, French furniture, tapestries and carpets, yet thought paintings were overpriced. Bernard Berenson chided him for buying "pictures of the kind the Kress Foundation sends to every town where it has a five cents store." Baron Thyssen told him: "Stop buying this rubbish and buy a good picture for once."

There will be more than one Getty fortune at work in the art market. Last June, Paul Getty Jr announced a \$50m donation to Britain's National Gallery, and plans another \$50m gift to form a charitable trust in Britain. "Maecenas has come amongst us," remarked William Waldegrave in Parliament. "One way or another, the House of Getty will cast crisp and brilliant shadows down the years ahead."

### The Long View

## Rhetoric conceals PM's loss of nerve

The most desirable alternatives to the policies Mrs Thatcher has pursued are those she has preached, and it would be a pity to have elected her twice without testing them, says Anthony Harris



LONG AGO, children at parties used to play a game called "Do as I do, not as I say", and for all I know, they still play it. The Thatcher government seems to have adopted the same self-explanatory rules to govern its economic policy-making. The rhetoric is of steadfast adherence to the rules of good housekeeping. The facts show a consistent willingness to finance current spending out of sales of capital assets, coupled with restless experiment about the details of management.

The misuse of capital has been pointed out and deplored in this column before. On average some \$2bn has been raised each year from sales of state-owned houses and businesses, not to mention about twice that sum in non-repatriable North Sea revenue, and very little of it has been reinvested in the UK. This would be a political issue if there were any real good housekeepers among us, but in fact Labour seems to be planning to extend this wastage by trying to repatriate the \$20bn or so that the private sector has managed to accumulate abroad, and presumably run a matching current account deficit. This is Reaganomics, whatever the political label.

However, President Reagan has achieved a short-lived growth miracle in the US with his borrowing, whereas the record in this country has been pretty uniformly drab for more than a decade. It was that drab performance on which voters pronounced two weeks ago. The real question about the Thatcher period is whether it has now begun to create conditions in which we may do better in future. If that has been achieved, it was worth spending some capital to finance some comfort for consumers while the quiet revolution went on; but

if the revolution was a sham, the assets went to waste. The early mistakes can all be put down to monetarism. The Government believed that it could stop inflation without any severe loss of output by doing what it called controlling the money supply. It even believed that the effects of a determined monetary policy would be so powerful that it could get away with a major shift from income taxes to sales taxes without raising prices. The result was what we must hope will remain a unique treble: a monetary ex-

plosion, accompanied by a slump, and a complete loss of international competitiveness. There has been a radical change. Monetary targets is housed only in rhetoric; monetary policy is now concerned with the exchange rate—that is, with the value of our money, not the statistics. The other centrepiece of the medium-term strategy was a steadily falling target for public borrowing. This sounds sensible, but it is not, for it would imply raising taxes when the economy was weak, but cutting

them in a boom. Again, the rhetoric survives, but the facts are different. With the aid of asset sales, and hiding behind an ever-larger unallocated contingency reserve, the Chancellor can pursue flexible policies while making unyielding speeches.

Criticisms of the current policy stance are mainly marginal, or concerned with the composition of the totals—more spending or less taxes—rather than calling for a massive refutation, Mitterrand style. Interest rates, it is true, are still very high by international standards, but not so high measured against British wage cost behaviour.

All this does some credit to Mr Nigel Lawson, and a lesser man might have done as much. The fact is that a small, open economy has rather restricted choices about management of the whole economy, as Mr Mitterrand, Mr Bob Hawke or a dozen others confirm. It is the detail that matters—the tax structures, regulations, and social investment which create or destroy opportunities for enterprise. This is what Thatcherism is really meant to be about.

Here the story is sadly mixed. The democratisation of the trade unions is the major success; even many union members have learned to love it. It has opened the way to major transformations in many established industries, as those in the newspaper industry are vividly aware at the moment. The various enterprise schemes, and notably all those concerned with new business start-ups, have also been highly successful.

For the rest, though, there seems to have been a sad loss of nerve. Competition policy, which ought to be central in a market-economy strategy, is still a total mess, which seems designed only to hamper mergers

that might actually foster efficiency. Nothing has been done to loosen planning restraints, or to revive the private rented sector, thus checking house price inflation and permitting the kinds of migration of population and enterprise which re-floated the economy in the 1930s.

Social investment—most notably in a really high level of training, but also in environmental improvement and access for run-down regions—has been hampered by faulty decision-making; it is only now beginning to dawn on the Government that training or employing those who would otherwise be unemployed is a very cheap way of investing in productive potential in the broadest sense. Europe sets an example here which we have been shamefully slow to follow.

Add the resolute dithering over issues like Westland and Leyland, the retreat over Sunday trading, and the growing public arguments between ministers, and you have a general impression of irresolution and incompetence. That is what the voters were also judging, and what the opinion polls have confirmed. It was a danger that was visible from the day that Mrs Thatcher was re-elected with a large majority but no actual programme.

In other words the Government has discarded not only this misguided dogmas about economic management with which it came to office, but has also grown very weak on the drive towards market realism which is what really makes the social market economy run. Our slow growth up to now can be blamed on initial mismanagement, but our prospects now might be much better given greater market freedom. The real alternative, from this Government, to Thatcherism as it has been practised is Thatcherism as it was preached.

### CONTENTS

Finance: rights issues anger	IV
Travel: Scotland lures golfers	IX
Property: England's stately dome	X
Gardening: the Sloane-Wallis at Chelsea	XIV
How to spend it: home furnishings	XV
Sport: the French Open	XVIII
Arts	XVII
Books	XVII
Bridge	XVII
Cheese	XVII
Crossword	XVII
Finance & Family	IV-VIII
Gardening	XVII
How to Spend It	XV
Markets	IX, XI
Motoring	X, XI
Property	X, XI
Sport	XVIII
Stock Markets	XIV
London	XIV
New York	XIV
Milan	XIV
Travel	XIX

## Introducing a fund for all seasons.

Sound companies often fall temporarily out of favour. To invest in these companies when their share price is depressed is to gain the chance of significant capital growth.

Regardless of the prevailing stockmarket conditions, these opportunities can occur worldwide.

### The Oppenheimer Worldwide Recovery Trust

gives Financial Advisers a managed fund that seeks capital growth by investing around the world in selected companies with recovery potential. Your clients therefore get a spread of international investments to minimise risk.

Like all unit trusts, investment should be considered for the medium to long-term.

The fund is managed by the team responsible for the No.1 Unit Trust in 1985, European Growth, and our International Growth Trust, currently top in its sector over 1,35 and 7 years.

To get a copy of our Brochure 'A Fund For all Seasons' call 01-439 1078 or write to Oppenheimer at 66 Cannon Street, London EC4N 6AE.

A member company of the Mercantile House Group.

ESTED IN TO OBERIN

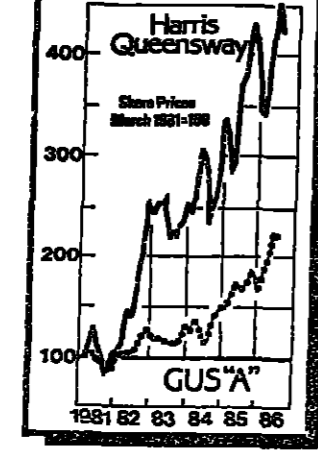
# Prices creep forward as stability returns

NATIONAL Westminster Bank was the first of the clearers to break ranks with a base rate cut on Thursday, the day before the others moved in line. The light-hearted suggestion that the bank owed the City an early start after its knee-buckling £714m rights issue of the previous week although the cuts had been widely anticipated. For that reason there was not a great deal of mileage to be had for the equity market, especially as the next half point cut could be some way off.

Share prices have nevertheless been creeping forward throughout the week. The gains have not been particularly impressive but there does appear to be a more positive feel after last week's shakeout which took prices down 3 per cent in as many days. If this stability continues then the chances are that the next serious move in prices will be up rather than down. The fundamentals for profits and dividend growth in 1986 still provide a convincing argument for equity investment even if some of the economic numbers from Whitehall of late look a bit depressing.

The cautious note however, must be that further heavy cash calls on the market could easily cause prices to wane while politics cannot be ignored indefinitely—though they probably can for the summer at least.

Now that Tate has got its way with both its own and the Hills-down bid for S. & W. Berisford safely shunted off to a Monopoly investigation—where Tate can also argue the case for an improvement in its cane refining margin—Berisford's management has come to terms with the need to make the group come good by its own efforts.



Harris Queensway Share Price March 1981-1986

After an exceptional provision against oil and gas reserves interim profits are up by 26 per cent to \$85.5m and the return could come out the round £90m for the full year. More important, the mountain of debt will be tackled and Ephraim Mercuries is talking of a £90m to £300m reduction by September.

Doubtless Goldman Sachs will quickly implement its plan to sell part of the Billingsgate office development which should inject \$60m into the bank while the 15 per cent holding in Banks Flows McDonalds, worth close to \$90m, would seem to be a readily disposable asset.

With those uncertainties predicting the full year is almost impossible—a lot depends on the harvest—but £170m is a fair minimum target.

Anyone who really argued

This week RHM turned in its half time figures showing a modest 10 per cent advance at the pre-tax level of £40.2m. Possibly the most impressive aspect is the way the baking business is dragging itself towards a profit after years of chronic losses. Within these figures the baking loss was produced by the arrival of Sir Phil Harris of Harris Queensway on Fisons' board as a forerunner of an outright bid for Boots was stretching credibility but such was market gossip. Sir Phil's real action came later in the week with a tie-up with Great Universal Stores which would appear to place him as heir to the GUS throne.

HQ has bought Times Furnishing and the Home Charm DIY chain from GUS for £148m, paid for in equity giving GUS a 23 per cent stake. Sir Phil joins the GUS board and also buys back a 20 per cent stake in Poundstretcher discount stores which had gone to GUS earlier in the year.

These new stores will not be easy territory for HQ to handle. Its past efforts in DIY and the continuing struggle with High Street furniture shops are not exactly a testimonial. Trading profit per sq foot from Harris Furnishing stores is not a lot more than £7 a sq ft—almost down to the Woolworth level.

Admittedly, Charles Barker's issue was much smaller, with 5m shares on offer against Mrs Fields' 30m, but pricing clearly determined the response.

One of the more surprising aspects of the flotation was that it flopped with such powerful names behind it. With Cazenove as broker, and Schroders acting with Goldman Sachs International as sponsors, success seemed assured.

There was also a feeling that there was too much small print to make it worth taking a chance on Mrs Fields in the prevailing market conditions.

In all this, Mrs Fields herself has remained remarkably free from criticism. There have been murmurs about the dangers of competition, the leanness of top management and the company's prospects in inter-

due partly to the effect of the dollar on the profits of its US companies; this will eliminate any underlying advance, while Britain in West Germany has had a most difficult year and its trading profits may be down by one-third.

There will be no surprises in the contribution from associates—Monier has already reported, and an acceptable trading profit will be reversed by the side in the Australian dollar.

So long as HARRISONS & CROSFIELD maintains its generous dividend when it announces preliminary figures on Wednesday the market should not be unduly upset by profits of about £63m, well below last year's £83m.

Commodity markets have been troublesome places over the past 18 months, and the background to almost all Harrissons' activities—with the exception of chemicals—has

been worse than in 1984. Profits from the group's main crop, palm oil, may be down by nearly half, due to serious overcapacity.

However, Harrison has reduced its dependence on plantation, which used to account for half of the whole against less than one-third now. These results will contain a first-time contribution from Paul, which will be included in the figures for nine months.

## HIGHLIGHTS OF THE WEEK

	Price	Change	1986	1986	
	y/day	on week	High	Low	
FT Ordinary Index	1,331.4	+41.9	1,425.9	1,094.3	Rally on US and interest rate influences
FT Gold Mines Index	237.6	- 8.5	357.0	228.0	Cross-border raids unsettle Rand
Appledore (A. and P.)	210	-100	406	210	Disappointing interim results
Bass	800	+50	840	625	Interim profits above expectations
Boots	264	+17	286	225	Rumours of a bid from Fisons
Clarke (Clement)	250	+75	260	190	Bid approach
Country Glemen's Assc	£231	+ 8	£281	490	Bid situation
Courtauld	284	+24	315	191	Annual results due Thursday
FKI Electricals	841	+ 91	841	47	Acquisition from Thorn EMI/comment
Hallite	265	+27	265	162	Bid approach
Harris Queensway	264	+23	316	202	Times Furnishing deal with GUS
Ladbroke	339	+24	389	312	Chairman's confident statement
Marler Estates	370	+25	385	172	Fulham FC acquired for £9m
Morrison (Wm.)	218	+20	218	150	Chairman's confident statement
Ratcliffe (F. S.)	320	+85	320	55	Large stake changes hands
Sainsbury (J.)	388	+18	416	344	Excellent results
Samuel (H. A.)	335	+45	335	160	Agreed bid from Batters
Telephone Rentals	245	+33	245	170	Bid speculation
Woolworth	860	+55	820	438	Increased bid hopes
Yarrow	830	200	830	400	Bid from CAP Group

## How the cookie crumbled

MRS FIELDS' cookies may have been selling like hot cakes at the company's new outlet in London's Piccadilly Circus this week, but a couple of miles away in the City its shares failed decisively to whet investors' appetites. Some 84 per cent of the issue ended up with the underwriters and the market was left struggling to recall any USM issue that had done as badly.

One of the more surprising aspects of the flotation was that it flopped with such powerful names behind it. With Cazenove as broker, and Schroders acting with Goldman Sachs International as sponsors, success seemed assured.

There was also a feeling that there was too much small print to make it worth taking a chance on Mrs Fields in the prevailing market conditions.

In all this, Mrs Fields herself has remained remarkably free from criticism. There have been murmurs about the dangers of competition, the leanness of top management and the company's prospects in inter-

due partly to the effect of the dollar on the profits of its US companies; this will eliminate any underlying advance, while Britain in West Germany has had a most difficult year and its trading profits may be down by one-third.

There will be no surprises in the contribution from associates—Monier has already reported, and an acceptable trading profit will be reversed by the side in the Australian dollar.

So long as HARRISONS & CROSFIELD maintains its generous dividend when it announces preliminary figures on Wednesday the market should not be unduly upset by profits of about £63m, well below last year's £83m.

Commodity markets have been troublesome places over the past 18 months, and the background to almost all Harrissons' activities—with the exception of chemicals—has

been worse than in 1984. Profits from the group's main crop, palm oil, may be down by nearly half, due to serious overcapacity.

However, Harrison has reduced its dependence on plantation, which used to account for half of the whole against less than one-third now. These results will contain a first-time contribution from Paul, which will be included in the figures for nine months.

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid	Price before bid
Aitken Hume	175	174	183	50.27	50.27
AFV	575	570	580	181.80	181.80
Assoc Heat Svcs	490**	488	440	39.20	39.20
Benford Concrete	821	79	83	18.20	18.20
Berisford (S. W.)	1271	100	112	8.95	8.95
Bevan (D. F.)	21	219	230	422.90	422.90
Biddle Holdings	49	47	381**	3.85	3.85
British Vending	180*	165	165	6.40	6.40
Brown (John)	1361	135	112	21.10	21.10
Burnett & Hallam	118	115	67	12.15	12.15
Chart Fiks Lynch	30	22	22	8.00	8.00
City & Farnham	204	19	20	4.85	4.85
Clive Discount	122	129	115	5.04	5.04
Coin Industries	130*	140	49	11.95	11.95
Cry Glemco	105	96	95	12.07	12.07
Cry Glemco	£13	£23	775	10.00	10.00
Cry Glemco	£12	£23	775	8.95	8.95
Don Bros Buist	175	130**	130**	11.44	11.44
First Security	135	134	125	73.13	73.13
Hamro Trust	150*	145	140	18.14	18.14
Hampton Areas	340a	187	220	35.48	35.48
Hoggett Bowers	130*	121	108**	16.09	16.09
Kenning Moor	116	110	173	130.73	130.73
Land Investors	78*	74	73	74.05	74.05
Marshall Unvrol	57	75	821*	14.40	14.40
McKee Unvrol	229	240	222	137.74	137.74
Moss (Robert)	122	128	97*	30.05	30.05
Parke Plastics	335*	325	305	44.95	44.95
Pegler-Harterley	657*	603	472	170.27	170.27
Pritchard Servs	785	55	74	20.15	20.15
Raybeck	124	113*	85	14.33	14.33
RFD Group	471*	45	44	17.45	17.45
RFD Group	1988**	212	206	36.74	36.74
Roberts Adlard	214	212	250	12.02	12.02
Roberts Adlard	250	240	230	32.55	32.55
Samuel (H. A.)	294	348	210	23.24	23.24
Samuel (H. A.)	348**	335	325	118.98	118.98
Samuel (H. A.)	145**	138	135	149.55	149.55
SGB Group	343**	342	324	149.55	149.55
Standard Chartered	750**	750	874	1.070n	1.070n
Standard Chartered	155	154	155	8.70	8.70
Standard Chartered	717	720	705	396.14	396.14
Standard Chartered	307	382	343	139.49	139.49
Wedgwood	46	42	631*	5.02	5.02
Woolworth Hldgs	676	860	638	1.507n	1.507n
Yarrow	800**	830	830	32.00	32.00

### PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share	Dividend per share
Allied Irish	Mar	87,000 (86,000)	32.3 (31.8)	10.0 (10.0)
Assoc Brit Foods	Mar	163,500 (132,300)	24.7 (19.9)	6.12 (6.12)
Berkeley Holdings	Dec	366 (388)	18.4 (19.7)	4.2 (4.2)
Benloxy Group	April	3,800 (2,187)	18.4 (10.9)	4.2 (4.2)
Biddle Holdings	Dec	413 (450)	5.3 (5.9)	—
Bossey & New T	Dec	5,010L (521L)	—	—
Brit & Am Film	Dec	601 (512)	—	—
Brit Born Pet Svm	Mar	1,910 (1,790)	27.5 (25.7)	20.0 (17.5)
Bus Mort Trust	Mar	2,400 (1,740)	11.2 (8.2)	1.51 (1.51)
Castings	Mar	1,550 (1,190)	6.3 (4.7)	—
Comp Fin Services	Feb	325 (325)	4.3 (4.3)	—
Conway & New T	Jan	7,820 (3,450)	4.3 (1.9)	—
Davenport Kait	Dec	1,110 (811)	—	—
Derwent Stamp	Feb	2,120 (1,520)	27.4 (17.0)	5.6 (5.6)
El Oro	Dec	1,010 (823)	14.4 (11.9)	4.17 (4.17)
Exploration Co	Dec	1,280 (1,110)	0.6 (0.5)	2.31 (2.31)
Ferg Int Hldgs	Feb	7,160 (5,311)	7.0 (5.2)	—
Goodwin Warren	Feb	10,100 (7,200)	11.2 (8.1)	4.0 (3.2)
Goodwin Warren	Dec	535 (508)	—	—
Hartwell Group	Feb	5,710 (5,020)	7.9 (6.9)	2.65 (2.65)
Hawtal Whiting	Jan	2,110 (442)	—	—
House Prop Lea	Dec	42 (34)	4.2 (1.2)	0.0 (0.0)
Ivory and Sims	April	2,970 (2,400)	6.1 (4.8)	3.75 (3.75)
Lendu Holdings	Dec	41 (41)	0.2 (0.2)	—
Loch & Nathan	Dec	12,900 (16,380)	6.2 (8.1)	1.5 (1.5)
Mappin & Webb	Feb	4,250 (4,780)	—	—
Mersey Docks	Mar	2,400 (807)	10.0 (—)	—
Micro Focus	Mar	2,030L (721)	—	—
Monks and Crane	Mar	1,510 (721)	8.0 (3.2)	1.6 (1.6)
Plessey	Mar	170,170 (163,660)	12.5 (12.7)	5.03 (4.85)
Readcut Lubrit	Mar	5,800 (4,500)	4.3 (3.3)	1.63 (1.63)
Spectra Auto	Jan	15,800 (12,100)	18.2 (15.1)	5.5 (5.5)
Spectra Auto	Jan	463 (401)	6.3 (6.2)	2.5 (2.5)
Tranwood Group	Jan	180 (119)	0.6 (0.7)	—
Underwoods	Jan	2,540 (1,477)	6.8 (3.7)	—
Whitebread	Mar	129,600 (110,100)	23.0 (21.4)	7.8 (6.95)
Yerk Mount	Dec	176 (203)	—	—
Young and Co	Mar	3,280 (3,000)	15.1 (12.7)	7.3 (6.3)

### INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividend per share (p)
Albion	Mar	243 (171)	0.8 (0.8)
Appledore, A. & P.	Mar	282 (414)	2.0 (2.0)
Assoc Paper Ind	Mar	2,310 (2,300)	2.2 (2.0)
Aven Rubber	Mar	2,380 (2,000)	2.5 (2.2)
Brown, Matthew	Mar	180,100 (106,100)	4.2 (3.7)
Bibby, J.	Mar	20,320 (15,360)	2.78 (1.9)
Brooke Tool	Mar	577 (577)	0.53 (0.53)
Cramphorn	Jan	22 (22)	1.67 (1.67)
Creston Lodge	Mar	163 (180)	0.6 (0.6)
Crylate	Mar	218 (200)	—
Dubilier	Mar	3,510 (2,360)	1.85 (1.85)
Greenall Whit	Mar	2,970 (2,900)	1.2 (1.1)
Guinness Feat	Mar	13,170 (12,440)	2.76 (2.76)
Irish Distillers	Mar	9,420 (6,310)	0.0 (0.0)
Leeds Group	Mar	7,670 (577L)	2.0 (1.8)
Leeds Group	Mar	81,080 (876)	2.25 (1.87)
McCarthy & Stone	Feb	5,020 (4,080)	0.82 (0.67)
McKee Unvrol	Jan	8,750 (8,070)	—
North Mid Cons	Feb	161L (61L)	—
RFDI	Mar	40,200 (36,700)	2.12 (1.9)
RFP	Mar	6,290 (4,280)	1.1 (1.1)
Sidlow Group	Mar	2,250 (3,340)	2.75 (2.75)
Tomkins	Mar	753 (502)	1.25 (1.25)
Tullon	Mar	269 (221)	0.4 (0.4)
Tunstall Tele	Mar	2,320 (1,744)	0.5 (0.5)
Utd Scien Hldgs	Mar	966L (5,360)	—
Wheway	Mar	263 (534L)	—
Williams, J.	Mar	102 (23)	—
Wilstach	Mar	86 (13)	—

(Figures in parentheses are for the corresponding period.)  
 \* Dividends are shown net pence per share except where otherwise indicated. † In £, L. Loss.

### RIGHTS ISSUES

Amari—To raise £10.5m through a rights issue on the basis of 3 convertible preference shares of £1 for every 8 ordinary shares held.

Berkeley Group—To raise £11.9m through a 2 for 7 rights issue at 35p.

Clifford Dalries—To raise £5.6m through a rights issue on the following basis: 1 for 1 and 6 non-voting shares for every 25 held in each class. Price: 190p for voting and 170p for non-voting.

McCarthy and Stone—£19m rights issue, 1 for 5 at 235p.

Robinson, Thomas—£6.2m rights issue, 2 for 9 at 275p.

STV—£5.7m rights issue, 1 for 4 at 285p.

York Mount—£1.9m rights issue, 6 for 5 at 41p.

### OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

MARKETS

سوق الأوراق المالية

# Investors aflutter in foothills of the Dow

HOW HIGH is high? Asked Shearson Lehman in a recent broad brush sketch of the prospects for Wall Street. It is a question many investors are asking themselves at the moment as the Dow Jones Industrial Average flutters back and forth over the 1800 line. With the 30 industrial stocks in the Dow average now standing on a relatively lumpy price earnings ratio of just over 18, and yields well below the 4 per cent level, can the market have much more steam left in it?

Shearson's answer is a resounding affirmative. There may be some correction (i.e. fall) in share prices in the near future, but long-term the stock market remains in a bull phase, and the best place for an investor to put his money is in financial assets. The now familiar arguments are trotted out to support the case — low interest rates, lower oil prices, subdued inflation, good prospects for economic growth in the US and overseas, easing in monetary policy, budgetary restraint and a low dollar.

However persuasive this thesis might be over a longer-run period, it has plenty of critics for the short term. The retreat of the Dow over the past five weeks, while partly offset by a couple of powerful surges this

week, is evidence that many investors suspect that a lot of the good news Shearson is talking about is out already. With the dollar falling, it may not be possible to bring down interest rates much more without scaring foreign investors away, while the inflation figures are

## Wall Street

only in retreat at the moment because of the heavy impact of the rapid oil price declines. Moreover, oil prices themselves may not fall below their lows of six weeks ago.

The influence continues to exert on the market was evident in the sharp rallies in Tuesday and Thursday this week, which both followed some weakening in oil prices on the day. By contrast, each of the main items of economic news provoked little response.

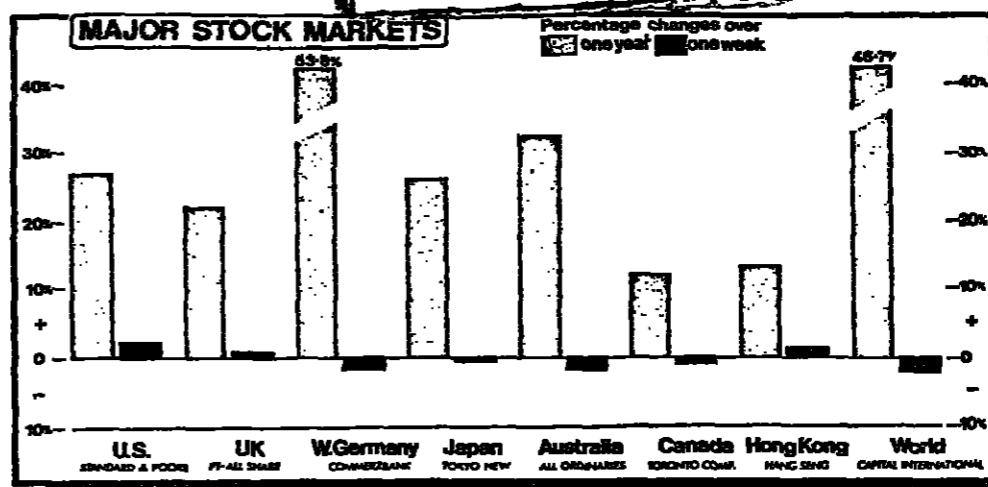
The April decline in the consumer price index, down by 0.3 per cent, was largely ignored because the figures were so heavily distorted by the plunge in energy prices, while the publication of buoyant revised GNP figures for the first quarter, up to 3.7 per cent from 3.2 per cent, against a general expectation of a lower result, provoked little more than a yawn of boredom. Far from interpreting the figures as a sign of vitality, economists decided that they had been right after all on the underlying situation, and that an upturn in inventories meant continuing weakness in the economy rather than the reverse.

Overall, indeed, the economy is giving Wall Street little encouragement at the moment. The main disappointment lies in corporate profits, which have so far shown little of the buoyancy many forecasters were expecting following the

decline in the US currency. Hewlett-Packard's second-quarter results on Monday, when trading on the New York stock Exchange, at 85.8m shares, was the second lowest of the year, and underscored some of investors' fears. The computer manufacturer reported that it remained cautious about its prospects because, "as in the US, fundamental buying trends in most major countries have not rebounded, even with the more favourable currency situation."

This week's meeting of the American Iron and Steel Institute in New York gave a revealing glimpse into part of the dollar debate. So far, the decline in the US currency has done nothing at all to help the US steel manufacturers recapture domestic markets, where attempts to raise prices have proved embarrassingly ineffective in the face of stubbornly high imports.

In other industries, such as



cor-manufacturing, US manufacturers are beginning to see their competitiveness restored — indeed, Mr Lee Iacocca, the irrefragable chairman of Chrysler, claimed this week that Japanese importers will have virtually no price advantage over US vehicles by the end of this year. But even here, importers have been able to squeeze margins and avoid raising prices to the extent that might be expected, and some analysts believe that overseas

producers will be able to raise productivity enough to avoid passing all of the currency increases on to American consumers.

While these uncertainties on the economic front have depressed trading, the stock market has had little to excite it in terms of special situations this week either. Burroughs' bid for Sperry remained deadlocked after some elaborate manoeuvrings, with strong indications that Burroughs may

have to increase its offer from \$75 a share to carry off the prize, and other acquisitions during the week were concentrated on portfolio adjustments in large companies rather than contested bids.

Lorimar, the maker of the Dallas television series, for example, acquired \$1.8bn worth of television stations in what is regarded as an extremely costly attempt to buy stability of earnings, while Occidental, the big oil group, moved more

deeply into chemicals with the \$300m purchase of Diamond Shamrock's chemicals interests. At the same time, the Citicorp banking group appears to be close to success in its \$675m bid to take over Quotron, the stock price information service.

To some degree, the fall in dealing activity is also attributed to the dramatic accusations brought by the Securities and Exchange Commission against Mr Dennis Levine, a leading Wall Street investment banker, for insider trading. There is no doubt that the case has left Wall Street banking and advisers — and possibly somewhat more wary about dealing in special situations. There are indications that the SEC may be aiming to extend the interpretation of insider dealing in a way that would make arbitrage dealing more tricky than it is at present, and even if this is not achieved, Wall Street is likely to become a less leaky, rumour-mongering place than it has been in the recent past.

MONDAY 1788.18 - 1.62  
 TUESDAY 1788.98 +25.80  
 WEDNESDAY 1775.17 - 8.81  
 THURSDAY 1806.30 +81.13

Terry Dodsworth

# Euphoria sweeps bourse

investors flooding into the market from the provinces and buying, without selectivity, just about anything that is going. New issues are staggered like crazy and prices tend to rise by anything from 20 to 100 per cent within a few weeks of being quoted. "This euphoria is sheer craziness," says Paolo Azoni, a leading Milan stockbroker.

## Milan

So what, then, is going on in Milan? What is behind the boom?

The answer is that no longer are corporate figures relevant to the prices being paid for shares. All market fundamentals, from oil prices and inflation to profit levels and interest rates, have now been discounted. The Milan bourse is on a spree, fuelled by enormous liquidity that comes mainly from the 40 newly authorised unit trusts which have attracted \$29bn of funds from 1.5m new savers in the past 20 months.

How do you explain this flood of liquidity? Italy has one of the world's

highest savings ratio. With exchange controls and limited investment options, savers have been drawn into tax-free unit trusts and money is flowing in at the rate of between \$3-4bn a month.

But isn't the market in a dangerous condition? Yes, by the standards we would apply to London or New York. Any market which doubles in value in four months must be potentially unstable.

So is there a danger of a crash? Not necessarily. Here is where we must introduce two key elements which help to explain why Milan is defying gravity and logic. The first is that the 40 unit trusts act as a kind of cushion, a safety net. When, for example, at Easter, the market fell by 15 per cent, the professionals moved in and bought. The professional fund managers, by their own admission, have few other choices — they already put around half of their portfolios into treasury bonds. "What else can we do with our cash if we take it from the bourse?" asks one manager.

The second factor is that even with its expansion in recent months, prices on the

Milan bourse are manipulated often by a small clique of fund managers, brokers and companies. It is already the talk of the town that Fiat shares, now at L16,000 each, will be "taken up to L20,000 before long."

All of this sounds very strange. What are the real prospects for the market? The people knew the "real prospect" for the Milan bourse, they would not be in Milan — they would be on a beach somewhere with a Pina Colada and a Reuters monitor. It is clear, however, that the prices of many shares bear little relationship to the intrinsic value of the paper.

Despite this, the extraordinary liquidity in the market means that the demand side of the equation continues to rule. The question people really should be asking themselves is: how long can this remain the case? In Milan, the view is that the market could continue its present path well into the autumn.

The further anyone gets from Milan, however, the more sceptical one becomes.

Alan Friedman

# Canadians go for gold

shares, which will cover the payment for the Soquem assets and leave something over for working capital.

The major asset is the half-share (with Lac Minerals) in the big open-pit Doyon gold mine in north-western Quebec, which turned out 170,000 oz of gold last year at a low cost equivalent to US\$171 per oz; unit costs can be expected to

## Mining

rise when underground operations start next year, but ore grades could also be higher.

Other assets include a half-share in the Niobec niobium mine and holdings of 32 per cent in the gold-producing Sullivan Mines and 24 per cent in Aiguebelle Resources. Cambior also hopes to turn to account some of its various gold prospects, which include the promising Ritago joint venture with Noranda.

At the Rio Tinto-Zinc annual meeting in London this week Sir Alistair Frame, the chairman, announced yet another new acquisition for the inter-

national mining, energy and industrial group. The Ottawa Silica Company of Illinois has been bought for \$46m (£30.6m).

This follows last year's purchase of Pennsylvania Glass Sand and will make RTZ the largest supplier of silica sand — used in making glass — in the US. Together with the group's other industrial interests, it will also help to iron out the impact on total earnings of the cyclical swings in fortunes that can affect the mining side.

RTZ has acquired the knack of living comfortably in a world of swings and roundabouts. For example, the ever-changing movements in the currencies of the various countries where the group operates tend to even themselves out as far as final profits are concerned, while the fall in oil prices which is hitting energy earnings is also benefiting the oil-consuming mining operations.

Sir Alistair is also one of those observers who believe there will eventually be a "significant" rise in the price of oil, if only because of the long-term effects of the cut-backs in exploration; meanwhile, increased world industrial activity should help oil demand. At all

events, RTZ is backing its views by seeking to pick up any suitable oil investments in a depressed market.

The group does not seem too hopeful about government aid being forthcoming for its Cornish tin mines. Sir Alistair mentions the "strong possibility" of their closure at the end of July. The independent Geovor, meanwhile, has just produced a survival plan which, it is hoped, could transform the prospects for its loss-making tin mine at Pendine.

Everything hinges on the Government providing most of the £25m required to be spent over the next five years in a programme to lower mining costs from the present equivalent of £8,000 per tonne to about £6,500 and doubling production; by then, the company reckons that tin prices will have recovered from the present depressed level of around £3,600 to comfortably over £6,500.

Miners and shareholders will also have to play their part, the latter in subscribing to a £2.5m rights issue of new Geovor shares at 25p in the ratio of two for every one held; the price now is about 31p.

Kenneth Marston

# Private Investor's Ledger 1986-87

The most effective way of keeping track of your investments



- With the Private Investor's Ledger you can become a more effective investor. You can keep a total record of all your investments in one place. Making entries and calculations becomes easy and convenient.
- Purpose-designed sections enable you to record in a professional way your fixed interest stocks, shares, overseas investments, monthly valuations, Building Society and bank deposits, National Savings, other investments, and insurances.
- Key data from the recent Budget on updated tax rates and allowances, and on Capital Gains tax and stamp duty enhance the effectiveness of the Ledger. Back-up information and reference data on dealing and taxation are also provided.
- Coverage includes: Dealing information ★ Up to date Stock Exchange commission rates ★ Personal Equity Plan ★ Investor's Glossary ★ Calculating yields and price/earnings ratios ★ Stock Exchange account calendar ★ Investment Ledger ★ Building Society Investments ★ National Savings Investments ★ Net Interest table ★ Capital Gains tax ★ Retail Price Index ★ Inheritance tax ★ Income tax ★ Net Percentage Yield table.

## ORDER FORM

To: Marketing Dept., Financial Times Business Information, Greystoke Place, Fetter Lane, London EC4A 1ND

Please note payment must accompany order. Price includes postage and packing.

Please send me \_\_\_\_\_ copy/copies of PRIVATE INVESTOR'S LEDGER 1986-87 at £8.50 each (inc. VAT).

I enclose my cheque value £\_\_\_\_\_ payable to FT Business Information

## BLOCK CAPITALS PLEASE

Mr/Mrs/Miss \_\_\_\_\_  
 Job Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_

Nature of business \_\_\_\_\_  
 Signed \_\_\_\_\_ Date \_\_\_\_\_

Please allow 28 days for delivery. Refunds are given on books returned in perfect condition and within 7 days of receipt.  
 FT Business Information Ltd, Registered address: Blackan House, Cannon Street, London EC4A 4DF, Reg. No. 580894.

# TYNDALL PREFERENCE FUND GIVES YOU TWO BITES AT THE CHERRY.

With interest rates falling, it becomes more and more of a problem to invest your capital to attract and maintain high levels of income plus good long term growth.

Tyndall meet this challenge with a Preference Fund that currently gives a gross yield of over 10% p.a. And backs high returns with the likelihood of appreciable capital growth.

Of course, the Fund should be looked on as a long term investment (the price of units and the income from them can go down as well as up), but over the three years 1984-1986, total returns worked out at 38.6%\*.

The Fund is invested in a broadly-based list of preference shares, chosen partly because of their high yield and partly because of the extra security they provide through their prior call on a company's resources.

You can invest in this highly regarded Fund

with lump sums from £1,000 or through a savings plan from £25 a month.

Estimated gross starting yield was 10.15% at 16th May 1986.

1% BONUS UNITS! INVEST NOW!

If you invest before 30th June 1986, you benefit from an extra 1% given in extra units! This increases your income still further.

Please post the coupon for full details of the Fund, to Tyndall Managers Ltd, 18 Canynge Road, Bristol

BS99 7UA, or telephone Bristol (0272) 732241.

Please send me full details and an application form for the Tyndall Preference Fund.

FT 24/5/86

Name \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

To: Tyndall Managers Limited, 18 Canynge Road, Bristol BS99 7UA.

# Tyndall

A SUBSIDIARY OF AETNA LIFE AND CASUALTY. Regd. No. 716150 England. Regd. office as above. Not applicable in Eire. Member of the Unit Trust Association.





سكوتلانديين

# Canny Scots seek advice

SCOTLAND is hardly the seed-bed for popular capitalism at present. High unemployment, traditional industries in decline and the recent Labour gains in regional council elections confirm the unpopularity of the Tories and their policies North of the Border.

Even so, 6,000 people filed through the three-day Scottish Money Show which ended last Saturday at the Scottish Exhibition and Conference Centre in Glasgow.

Private investors queued with queries at the stockbroker stalls and a 15-year-old from Giffnock beat the Glasgow Stock Exchange's computer to make a killing on a day's simulated trading.

While a large proportion of inquiries came from men and women approaching retirement and wanting to improve the efficiency of their investment there was also the occasional worker wanting to make the best of redundancy money.

The Glasgow Show highlighted two problems facing the financial community as deregulation approaches. First, where does the small investor get truly objective advice and who can really explain the likely impact of the "big bang" to someone possibly just venturing into share-ownership.

David Henderson of Glasgow stockbrokers, Penny East, had many queries about the big bang. "We had to tell them we

just do not know what will happen," he said. This did not prevent people crowding to his stand to ask about buying and selling shares.

James Hardie of Campbell Neill, another Glasgow broker, saw the benefit in making the stockbroker more accessible to the man in the street. "It has helped shed the traditional image of pin-striped suits," he said.

The second problem is also to do with advice and stems from the number of middlemen-cum advisers working on commission for services they sell, and the pressure from conglomerates to market an array of in-house services not all of which may be of the same quality.

Marj Marsh, a co-owner of Save and Invest, Scotland's first high street financial services shop, defended commission-driven business. She does not charge clients for drawing up an eight-page survey of their personal finance but will win commissions from an insurance company if a hand plan she recommends is sold.

She explains the commission system to her clients. "I know if I put them on to poor investment or if they know that they can get a better deal with another company that I will lose the client," she adds.

Mark Meredith



## Lower interest

HOME BUYERS' loss this week has been building society investors' gain. The cut in bank base rates came minutes too late for home buyers to benefit from a further cut in mortgage rates. The last of the major societies had disclosed their final decision on mortgage and investment rates just before National Westminster Bank led the banks in bringing bank base rates down on Thursday to 10 per cent. The societies confirmed a mortgage rate of 11 per cent for existing borrowers from June 1—new borrowers are already paying this lower rate. Investment rates come down by three quarters of a percentage point.

Had the societies deferred their final decision it is almost certain that mortgage rates would have been set at a lower rate of 10.75 per cent. But the major societies now say that bank base rates will now have to come down to single figures—which may not be too far away—before they reduce mortgage rates below the 11 per cent level.

Margaret Hughes

But had they cut mortgage rates further investors would also have had to shave investment rates.

The drop in base rates has, however, led to a cut in the returns offered by the clearers on their high interest accounts. Of those which have already announced new savings rates, the Midland has cut the return on its high interest cheque book account to 6.66 per cent net CAR on balances of between £2,000 and £10,000 and 7.19 per cent net CAR on larger balances. Lloyds Bank has cut its flat rate to 7.4 per cent net CAR on all balances of £2,500 and over on its equivalent account. Returns on its two tier extra interest deposit account have similarly been cut to 7.23 per cent net CAR on balances of between £1,000 and £10,000 and to 7.76 per cent net CAR on larger balances.

By comparison, after the June 1 cut, building society accounts will compare favourably. For instance, on its high interest Prime Account the Woolwich will pay 7.25 per cent net on balances of between £500 and £1,999, 7.50 per cent in the next tier to £10,000 and 7.50 per cent on larger balances. It will pay a higher rate of 7.95 per cent net CAR on its 90 days notice Capital account.

However, National Savings rates, which have still not been changed from their September level, now look even more attractive.

Ahead of the base rate cut, bondholders announced that it was following the Lloyds Bank lead in cutting the interest rate on its personal loans. Following the base rate cut Midland also cut its personal loan rates.

## Fund Managers

# Bet on the managers

IN HORSE racing, it is known as the "Lester Piggott rule": back the jockey, not the horse. If you have ever felt that picking the right unit trust bears more resemblance to a flutter on the Derby than to a solid investment, you might apply the same rule in the unit trust area.

Investing in fund management companies, rather than in the funds they manage, would in fact have done you very well. The number of fund management companies with shares quoted on the Stock Exchange is still small, but over the past 18 months they have fared very well. Only one company, Aitken Hume, has underperformed the FT All Share index over that period.

Stockbrokers Rowe & Pitman, Mullens, in a report on the fund management sector, says the ratio of the companies' share prices to their earnings per share—the p/e ratio—has risen by 80 per cent over the past 18 months.

After a year in which the unit trust industry saw the funds it manages grow by £5bn to £20.3bn, Rowe & Pitman sees further growth in the future. The independently quoted fund management companies should do well out of the continued expansion of the unit trust industry, well if the Stock Market continues to rise, and well if the fund management division of stockbrokers or banks are seen to suffer from

conflicts of interest after the Big Bang.

However, John Chester, Rowe & Pitman's analyst, points out that they can also make profits even if things would seem to be going against them. Britannia, for example, suffered an outflow of money from its unit trusts last year, especially as a result of the one-off redemption of the Trident funds. It was able to turn this to advantage by making profits on dealing in its own units. Rowe & Pitman estimates that these dealings accounted for 43 per cent of Britannia's unit trust revenues in 1985, compared with 38 per cent from annual management fees and 18 per cent from initial charges.

Other groups such as Framlington and M & G, however, drew only 12 per cent and 10 per cent of their revenues respectively from the relatively insecure source of dealing profits. M & G is estimated to have got two-thirds of its revenues from the annual management fees on its £2bn of unit trusts funds, while Framlington, which sells less through to intermediaries than other sets, groups, keeps a larger proportion of its initial charges.

Overall, Rowe & Pitman rates the fund management as promising for investors, and sends out definite buy signals on three out of the seven established quoted UK groups. It also rates in Templeton, Galbraith & Hansits—berzer, the US investment house which came to the London stock market in February, as a share to buy, despite its lukewarm reception and the fact that its share price has now fallen below its initial 1985 offer price.

George Graham

## Insurance brokers go for home computer market

PERSONAL COMPUTERS may not yet be standard fittings in every house, but the day may not be far off when every home has its Amstrad, Commodore or Spectrum and personal computers become as common as television sets.

Increasingly, house contents policies are including accidental damage and loss by theft to apply to personal computers as standard cover, in a similar manner to television sets.

However, specialist insurance brokers, Graham Brown and Co (Guildford) consider that many

householders, particularly those who use their computer a lot, want complete cover for their machine, including insurance against the cost of repairs or replacement after a breakdown.

The company has designed a group insurance policy, underwritten by Cornhill Insurance, Greater London and certain other major cities are not precisely the highest rated area, reflecting the very high theft risk. Here the underwriters prefer to make individual quotations.

Premiums for a standard £250 cover for software are £5 and

£7.50 in the two rating areas. A computer valued at £500 costs just £16.50 a year to insure under this policy if the owner lives outside London or the major cities. That goes up to £24.75 if the owner lives in the Birmingham or Leeds areas.

Mrs Gill van Zyl of Graham's Brown emphasises that this scheme is for personal computers used in the home for pleasure or domestic purposes, from such as personal tax and Galt, with the cover extending to temporarily elsewhere, including the office. It is not designed for business users, for which the company has a separate policy.

Eric Short

## Commercial Papers

# New market for big boys only

IN SOME quarters, commercial paper may be what is used to wrap oily machinery. But the commercial paper market that got going in the City this week is rather different.

Hailed by some as the most important new financial market to start in the UK since the USM five years ago, it is probably also the most novel: only the US, which invented commercial paper, has a market of any size and that now totals nearly \$300bn.

The private investor is unlikely ever to invest in commercial paper (CP) directly. It is not traded on an exchange like stocks and shares, and the minimum denomination is a hefty £500,000. But as the market develops, he will probably come into indirect contact with CP through his pension fund or unit trust.

CP is novel because it connects borrowers and lenders of money directly without a bank or underwriter standing in between. A big company needing cash can go directly to another company which has some to spare, and obtain the money by selling its commercial paper. This paper is no more than an unsecured IOU with which the borrower promises to repay the money after so many days or weeks. (Commercial paper has to be for less than a year under Bank of England rules, but maturities will usually be only for a month or two.)

Typical buyers of commercial paper will be big companies with cash surpluses and institutions like insurance companies and pension funds needing a place to park short-term cash—for example, between Stock Exchange settlement dates.

The point about CP is that it is unsecured, so if the borrower goes bust the lender stands to lose all. This is why the Bank of England has laid down rules which restrict the market to large, well-known public companies whose financial standing is familiar to the investment community. The first two UK borrowers this week were Hawley, the cleaning and maintenance services group, and Redland, the building materials company.

Apart from a spectacular case early in the 1970s when the

Penn Central railroad company failed in the US with more than \$100m out in the CP market, the record of loss on American commercial paper has been very small. All but the very best borrowers have to have a bank guarantee behind their paper, and a good rating from the credit agencies. It is likely that similar standards will be set for CP issues in the UK.

The attraction for borrowers is that commercial paper finance should be quite flexible and cheap because it bypasses the usual intermediaries. For the lender, it is an alternative to placing short-term money in a bank; the rates are about the same but the maturities vary.

It appeared that pension funds were among the first buyers of CP this week. Unit trusts will not be able to invest in CP until they have had the go-ahead from the Department of Trade and Industry, which is responsible for ensuring that unit trusts make "appropriate" investments. Since the government is committed under new financial services legislation to broaden the scope for unit trust investments, this go-ahead is likely.

However, fund managers are watching the market with interest, especially to see how active a secondary market builds up in CP. This would enable them to value their CP holdings day-by-day, and sell out if the need arose. In the US, most investors hold on to their CP, so secondary trading is small.

Some people believe CP will help the investor in another way—by boosting the stock market generally. This is because CP will to some extent replace bank lending, and, therefore, reduce the figures that make up the money supply. And if money supply growth is reined in, the Chancellor could find it easier to bring down interest rates.

The CP market would have to reach enormous proportions to make this kind of impact, and at this stage no one is too sure how successful it will be. That these are early days was evident this week when one City person asked if commercial paper was a new form of industrial packaging.

David Lascelles

## Home Loans

# Fixed-rate offer

HOUSE-BUYERS wanting mortgages of £50,000-plus will be offered three and five year fixed-rate home loans under a scheme to be launched by Adam & Co, the Edinburgh-based private bank, on June 1.

Interest on the loans is based on the London Interbank Offered Rate (Libor) plus 1 per cent. At present, this means the five year rate would be around 10.5 per cent and the three year rate slightly higher at 10.625.

The bank is prepared to accept existing endowment policies as security, so helping to reduce the borrower's costs. It says it has set aside £2m for the scheme.

Adam & Co is also cutting the interest rate for traditional floating home loan mortgages to 11 per cent from June 1.

The bank concentrates on larger mortgages and generally restricts its lending to 70 per cent of a property's value. Executive director, Ian Daisel, believes the fixed rate mortgage will appeal to borrowers with quite large commitments who want at least some of their outgoings to be at a constant figure. After three or five years, the borrower either returns to the floating rate or possibly negotiates a new fixed-rate loan.

The bank, which has an office in London, pays interest on current accounts and the rate has now been set at 7.3 per cent net for balances of more than £5,000—equivalent to 10.1 per cent for standard-rate taxpayers.

John Edwards

# "How Peat Marwick helped us grow fourfold in one year."



Carl Gozzett and Nevill Colgate's metal pressing works was doing nicely turning over about £300,000 a year when the big break came.

A company owned by a consortium of electronics manufacturers gave them an order for 8,000 videotape recorder covers a week.

Carl and Nevill were sure they could deliver if they could borrow £50,000 to set up an additional production line.

They knew where they could buy six second-hand presses that would meet the need perfectly.

Only one problem: their bank couldn't see its way clear to lending them the money.

They tried another bank. And another.

Finally, they went to a bank in Brighton who suggested that they talk to Peat Marwick.

We weren't immediately sure they could achieve what they thought they could with the investment they had in mind. So we called in one of our production engineers to work with our accountants on a feasibility study.

We examined their plans, checked their figures and looked at the tax implications.

We concluded they'd got it right.

We passed our view to the bank and they decided to make the loan. The outcome was a fourfold increase

in C&N (Precision Metalwork) Ltd's business. Currently they're pressing parts for eight to ten thousand videos per week.

We have 43 offices in Britain and our Private Business Advisory Group is helping hundreds of growing businesses with tax, accounting and the many diverse problems that can arise with rapid expansion.

At the same time we audit 166 of Britain's top 1000 companies and are one of the largest firms of chartered accountants and business advisers.

If you would like to know more about the services that we offer please give us a call.



You have a partner at Peat Marwick.

FINANCE & THE FAMILY

A case of US and them

YOU WOULD think in these days of modern telecommunications and techniques that it should be easy even for private investors to deal in overseas stocks. Especially through the multi-national groups that are supposed to be going to show 'tiffy old UK brokers a thing or two after the Big Bang. But being by my experience, that is not necessarily so.

Last October I visited the tent of a major US stockbroker at the Money exhibition at Olympia and expressed an interest in using their services. Shortly afterwards I was telephoned at home by a "financial consultant." I told her that what I wanted was to buy some shares in US companies and have them registered in my name at my UK address so that I would then receive the company reports, take-over circulars etc.

"That's not possible. Lots of people telephone us and ask us to buy shares and they might not have the money." "But I haven't been telephoning you!" I protested. "You've been telephoning me every few weeks since October asking me to invest. If you wanted me to fill in a questionnaire, why didn't you send it ages ago?" "Because you didn't want to buy anything then."

a bank draft will take days and I'll have to pay bank charges and so on. I don't believe you don't have a UK bank account. Surely your salary is not drawn on a bank in the US; your office rates bill with US cheques?" "Now, don't be like that she soothed. "It's not that I don't trust you; we do. I'll send you my supervisor and send back to you."

"Have you any companies in mind that we can send you our research on?" the consultant asked. "Yes, MCA," I replied. "MCA? That's not one of the stocks we follow."

computer screen—rather like battery chickens—and not being allowed out into the "real" world. Taft was eventually found, with an astonished cry of: "And it's even a stock we recommend."

"I don't know, I'll talk to my supervisor and I'll telephone you back." Five minutes later she telephoned back and said: "If you can send us a personal cheque in dollars we will buy the shares for you when the cheque is cleared."

"Oh, well, I suppose it'll be all right. I'll put the questionnaire in the post tonight if you can send it back completed as soon as possible. I reluctantly agreed to this procedure and sent off my cheque. The questionnaire arrived—a very badly photocopied and almost unreadable one-page document which included— to me at least—the incomprehensibly worded question: "Is customer of age in state of residence?"

I could not hear the sound of a frantic pushing of buttons and shuffling of papers. Then the voice said: "Oh, yes, MCA. We do follow that. Shall I send you the research?" I said "yes, please" and soon afterwards received the research on MCA which was a computerised print-out of 20 lines and didn't tell me anything I hadn't already easily discovered.

At that time I did not have any surplus funds so I again "held off" from investing. A few months later I thought it was time to take the plunge. I decided to buy some shares that they had now heard of—like MCA and Taft.

"I don't know, I'll talk to my supervisor." "I'll telephone you," I said, "and get him to telephone or telex you and, computer screen—rather like battery chickens—and not being allowed out into the "real" world.

"No thank you. I've already said many times I want the shares registered in my name at my UK address." "Oh, well, I suppose it'll be all right. I'll put the questionnaire in the post tonight if you can send it back completed as soon as possible. I reluctantly agreed to this procedure and sent off my cheque. The questionnaire arrived—a very badly photocopied and almost unreadable one-page document which included— to me at least—the incomprehensibly worded question: "Is customer of age in state of residence?"

When the financial consultant called a few days later I said that I wasn't going to buy any US shares until I saw which way the dollar-pound exchange rate was going, as I believed the dollar would fall again against the pound.

"What do you want to buy?" I told her. "You'll have to complete our questionnaire," she said. "What for?" I asked. "So we can see if we can deal for you."

"I don't know, I'll talk to my supervisor." "I'll telephone you," I said, "and get him to telephone or telex you and, computer screen—rather like battery chickens—and not being allowed out into the "real" world.

"No thank you. I've already said many times I want the shares registered in my name at my UK address." "Oh, well, I suppose it'll be all right. I'll put the questionnaire in the post tonight if you can send it back completed as soon as possible. I reluctantly agreed to this procedure and sent off my cheque. The questionnaire arrived—a very badly photocopied and almost unreadable one-page document which included— to me at least—the incomprehensibly worded question: "Is customer of age in state of residence?"

net asset value. Laing & Cruickshank stress that the shares of specialist European investment trusts are ideal for both institutional and private investors; they strongly recommend them for short and medium term appreciation, while conceding that because the trusts are relatively small, marketability can be difficult.

Looking at prospects for the various countries the review is not quite so bullish: ● Belgium—"we are hopeful but not excited for 1988."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

Not surprisingly the managers of the eight investment trusts included in the review all predicted that the European markets would increase in global importance during this decade. Evidently unit trust groups agree. Save and Prosper reported this week that it had accumulated a European money mountain with over £21m invested during the three week

launch period for its European Income and Growth Fund. TSB did nearly as well attracting £17m for its European Unit Trust, with most of the 15,000 applications coming from private investors.

● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

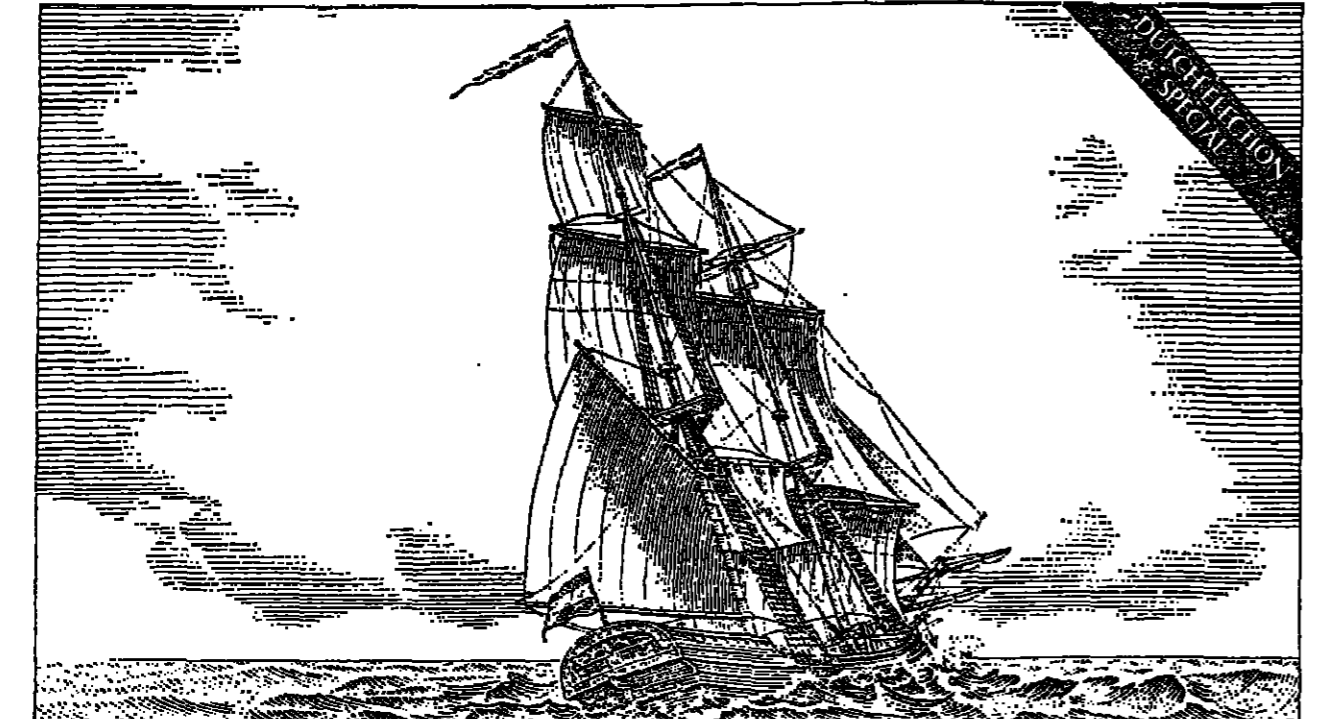
● Denmark—"more attractive background for equity investment."

● France—positive for the stockmarket, but less so for the currency. ● Germany—"the combination of currency and stockmarket prospects) seems unbeatable."

● Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure. ● Netherlands—"performance likely to be positive and sound, rather than stabilising."

● Sweden—encouraging for stockmarket and the Krone. ● Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

THE FIRST DUTCH UNIT TRUST IS WELL ON ITS WAY



THE EBC AMRO DUTCH GROWTH TRUST

The results of the Dutch Elections on 21st May 1986 created more favourable conditions than ever for investment in the Dutch stock market. Enterprise, energy and entrepreneurial flair—that's how the Dutch built their great trading and commercial empires in the past. And that's how they're building them today.

In P/E terms, Holland is one of the cheapest markets in Europe. In addition, the positive results of the Dutch elections should have a very beneficial effect on the investment climate.

APPLICATION FORM for EBC AMRO DUTCH GROWTH TRUST. Includes fields for name, address, investment amount, and signature.

Merchant adventurers first discovered the wealth of the East. Exceptional rewards still await the enterprising.



FIRST PUBLIC OFFER SCHRODER FAR EASTERN GROWTH FUND ONLY FOR THE ADVENTUROUS

Adventurous, yet discriminating investors, who appreciate that an unusual level of risk must accompany the prospect of exceptional reward, will find this new Schroder Fund distinctly appealing.

FIXED PRICE OFFER: Schroder Far Eastern Growth Fund. Includes details of the offer and application instructions.

Schroder Financial Management. Includes contact information and services offered.

European Investment

Time to explore Continent

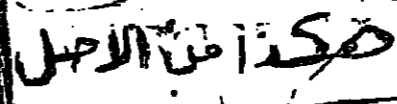
EUROPEAN MARKETS were discovered with a vengeance by the unit trust industry last year and some startling performances have encouraged a steady stream of new funds.

Far Eastern fund for adventurous

A NEW Far Eastern growth fund has been launched by Schroders. Described by the managers as a fund "only for the adventurous the emphasis will be on achieving "exceptional" growth by taking a "fairly high risk" profile.

THE MASTER PORTFOLIO SERVICE

Advertisement for CCM THE MASTER PORTFOLIO SERVICE. Includes logo, text about the service, and contact information for Capel-Cure Myers.



# A yen for consumerism

SPOTTED a party of snappily dressed Japanese down your local supermarket lately? Chances are they're not restocking their larders, just picking up a few hints about retailing to take back home.

It is another sign that the Japanese, under pressure from the Americans, are finally taking steps to spruce up their domestic economy, encourage consumerism and relax their dependency on exports.

A fundamental social and economic change is taking place in this once conservative country," according to John Bolsover of Barings, which this month launched a New Generation fund to capitalise on the new developments. It is a trend that has given unit trust punters with money in the region a good deal to cheer about in recent months.

After spending much of 1985 unaccountably in the doldrums, Japanese funds have sprung back into prominence since Christmas. They are up an average 27.6 per cent so far this year, according to the latest Money Management results—comfortably ahead of 1985's stars, the European trusts, which produced an 18 per cent return in the same period. As Paul Laband, investment chief at Abbey, puts it: "Even two months ago, no one spoke about Japan. Now it's almost everyone's favourite sector."

The reasons for the turnaround are not hard to find. First, Japan was singled out

as one of the main beneficiaries of the near-halving in the price of oil since January. Sixty per cent of her imports are accounted for by oil—a figure rivalled only by Brazil—and international investors have been quick to register the windfall effect of lower energy bills. They floored back to Tokyo in the first quarter, pumping a massive \$900m into Japanese stocks in March alone. "There was a sense of panic after watching Japan go sideways for six months that everyone was about to lose on the upswing," said MIM's Stephen Barber.

At the same time interest rates, after being hiked up in October to boost the yen, have been spiralling downwards. The official discount rate, which was stuck at 5 per cent for more than two years, has been cut three times already this year and now stands at 3.5 per cent. Many observers anticipate a

further reduction in the coming weeks. As well as lowering the borrowing costs of Japanese industry, which is traditionally highly geared, cheaper money has also forced home-grown institutions and private investors out of deposits and Treasury bonds (yielding a post-war low of under 5 per cent) into equities. The result is a near 30 per cent leap in the Tokyo NSE index in just five months.

Overseas investors have also reaped the rewards of a steady appreciation in the yen. It zoomed up against the dollar in the wake of last September's Group of Five meeting, as part of a concerted effort to defuse trade friction with the US—and it has also improved about 25 per cent against the pound. Many fund managers reckon it has further to go yet.

"Thanks to the persistent two-tier nature of the Tokyo

market, however, not every trust has excelled itself. Those with heavy weightings among the hi-tech exporters, still seen by some as the "natural" home for foreign investors, have been hit hard both by the depressed technology market and by the soaring yen. Some of the larger, less flexible trusts have been particularly held back—examples include the £100m-plus Abbey and Fidelity funds.

On the other hand, anyone concentrating on domestic-oriented industries has fared much better. Among the success stories here are Schroder Japanese Smaller Companies, MIM Japan Performance and Gartmore Japan. The rise of protectionist sentiment in the US has forced the Japanese to consider, for the first time, stimulating their domestic economy to correct the massive trade imbalance. "They have played the export game," commented one fund manager, "but now realise they have to switch the nature of demand. It's a turning point in the structure of their economy."

Domestic stocks have been boosted by a fall in their import costs, lower interest charges and growing speculation that the Government, with Parliamentary elections looming, is about to resort to fiscal and other measures to reflate the economy. A second year of flatish GNP growth is not considered a vote winner in Japan. Construction and real estate shares greeted last month's package of public expenditure

JAPANESE UNIT TRUSTS			
WINNERS OVER FIVE YEARS		WINNERS OVER ONE YEAR	
Gartmore Japan	+257%	Schroder Japanese Small Companies	+91%
Henderson Japan	+231%	Sun Life Japan Growth	+88%
M&G Japan	+230%	NIM Japan	+83%
EFM Tokyo	+234%	Baring Japan Special	+75%
Midland Bank Japan & Pacific	+233%	Gartmore Japan	+74%

Offer to bid, net income reinvested. Figures to May 1. Source: Money Management.



rescheduling and land use deregulation with euphoria, and there are hopes of more goodies in the pipeline. There are signs, too, of a pick-up in consumer spending on the back of cheaper fuel and an inflation rate expected to approach zero in the next year.

Most fund managers, then, see further room for improvement—if at a less spectacular rate—in the rest of 1986, despite the big jump by domestic stocks already this year and their sky-high (by international standards) ratings. The prospect of more currency gains is thrown in for free.

"The market may not look cheap and there may be short-term volatility, but domestic companies should see extremely good increases again this year," says Sarah Arkie, manager of Allied Dunbar's £140m Japan trust. Liquidity among local institutions, she points out, has never been so high.

The big problem, and one that beset UK trusts last year, is keeping pace with the frantic rotational buying of the stock market by Japanese investors. Individual sectors, promoted by certain brokers, have been known to soar up the league one month, only to

crash back down again the next. A few trusts are now even giving hi-tech blue chips a longer look, on the grounds that what goes down must come up. They are taking heart from a stronger showing by electricals in April, signs of an end to recession in the semiconductor market and the relatively low ratings accorded hi-tech shares. The flood of institutional money, so the theory goes, will sooner or later have to find its way into these big and highly marketable stocks.

MIM Japan Performance, for instance, has lifted its blue chip exposure to 20 per cent and Allied Japan is back "in balance" with its domestic holdings. Both are looking for further weakness in the electrical sector, perhaps sparked by another leap in the yen, before picking up more such stocks.

The message for investors is pick your fund with care. Decide which industries have the best prospects, study the portfolios and place your bets accordingly. But there's little sense in delaying—the good times in both share and currency markets can't last forever.

## School Fees Learning sums

IT NOW costs parents £4,600 a year on average to keep their sons at a boarding school, although the cost can be as high as £6,600. It is somewhat cheaper for day boys—around £2,600, with a top price of £4,000 a year on average if they board and £2,100 if they are day pupils.

Yet, despite these costs of private education—which, according to the current annual census\* from the Independent Schools Information Service (ISIS) rose by 9 per cent last year—there is no slackening in demand by parents except (not surprisingly) for boarding their sons.

Parents meet these high costs by a variety of means, according to the latest survey\*\* by C. Howard and Partners, the school fee specialists. One major way is through the mother working; in 90 per cent of families surveyed her earnings were used solely to cover school fees. In one family out of four, the husband supplemented the family income with a second job.

However, increasing income might not be enough so many families make sacrifices by reducing spending, mainly by cutting down on leisure activities such as holidays and entertainment, using a cheaper car, and foregoing home improvements.

Many families are prepared to use capital resources to help meet the fees bill; one in five was selling its possessions while one in 10 was moving to a cheaper house to unlock assets. However, the most important source of financial help comes from other members of the family. Help from this source has risen steadily over the years and two families in five now receive outside help, 75 per cent of it from grandparents. It includes both annual payments—now averaging £1,725 a year—and lump sum gifts averaging £12,000.

The ISIS survey shows that schools themselves are doing more to help through bursaries and scholarships but the ISIS also warns that fees can be expected to rise faster than inflation. Schools are spending much more on improving buildings and facilities and a teachers' pay claim is in the pipeline.

The Howard survey showed that parents educating their children privately were not necessarily high earners. Average income of the fathers surveyed was £23,494, with £6,542 extra coming from the mother. But in 42 per cent of families, the father was earning between £10,000 and £20,000.

\*Annual Census 1986 from ISIS, 36 Buckingham Gate, London SW1E 6AG price £7.50.

\*\*School Fees Research from C. Howard and Partners, Mitre House, 177 Regent Street, London W1.

Eric Short

# The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 19th May 1986		as at 30th April 1986										Total Return on N.A.V. over 5 years to 30.4.86		as at close of business on Monday 19th May 1986		as at 30th April 1986										Total Return on N.A.V. over 5 years to 30.4.86	
Total Net Assets (£ million)	INVESTMENT POLICY	Management	Share Price (pence)	Yield (%)	Net Asset Value (pence)	Geographical Spread				Gearing Factor (base=100)	Total Return on N.A.V. over 5 years to 30.4.86 (base=100)	Total Net Assets (£ million)	INVESTMENT POLICY	Management	Share Price (pence)	Yield (%)	Net Asset Value (pence)	Geographical Spread				Gearing Factor (base=100)	Total Return on N.A.V. over 5 years to 30.4.86 (base=100)				
	(1)	(2)	(3)	(4)	(5)	UK (%)	Nth. Amer. (%)	Japan (%)	Other (%)	(11)	(12)	(1)	(2)	(3)	(4)	(5)	(6)	UK (%)	Nth. Amer. (%)	Japan (%)	Other (%)	(11)	(12)				
496	CAPITAL & INCOME GROWTH	Independently managed	733	4.0	976	39	47	9	5	90	293	10	Technology	Baillie Gifford (w)	68	3.2	94	39	58	—	2	81	+				
126	Alliance Trust	Touche, Remnant	116	3.4	146	41	33	13	13	102	315	82	Fleming Technology	Robert Fleming	153	3.1	207	40	37	21	—	4	99	218			
356	British Investment	Independently managed	438	5.1	563	53	26	20	1	89	263	38	Independent	Ivory & Sims	230	0.3	316	25	71	—	4	82	255				
92	Brunant	Robert Fleming	95	2.3	127	54	31	3	12	276	357	360	TR Technology	Touche, Remnant	107	2.4	148	43	36	17	4	99	254				
150	Continental & Industrial	Schroder Inv. Man.	760	3.9	870	62	29	3	6	98	269		INCOME GROWTH														
599	Edinburgh Investment (w)	Nunedin Fund Managers	140	3.4	185	56	20	9	15	107	291	357	Ivory & Sims	Dunedin Fund Managers	332	4.3	409	93	3	—	6	106	254				
785	Foreign and Colonial	Foreign & Colonial	85	2.5	116	37	27	18	18	107	282	150	First Scottish American	Philip Hill	315	5.0	355	69	27	—	4	90	274				
896	Globe	Electra House Group	337	4.3	465	66	23	8	3	101	273	67	General Consolidated	Ivory & Sims	275	3.7	317	99	1	—	—	—	82	+			
337	Govett Strategic	John Govett	219	2.3	296	49	11	13	27	119	280	203	Investors Capital Trust	Henderson	132	3.2	140	88	5	—	3	7	106	463			
318	Philip Hill	Philip Hill	275	5.0	327	76	20	—	2	95	292	36	Lowland	Kleinwort Benson	112	5.5	183	65	26	—	12	87	257				
11	Joe Holdings	Kleinwort Benson	161	3.3	177	80	10	1	9	95	292	158	Merchants	Murray Johnstone	146	5.2	173	77	13	—	6	97	328				
60	Keystone	Mercury Warburg Inv. Man.	500	3.1	635	55	23	10	12	109	325	158	Murray Income	Murray Johnstone	155	4.6	203	43	37	11	10	91	287				
105	Joe Holdings	Kleinwort Benson	92	3.6	128	64	20	9	7	96	279	157	Murray International	Murray Johnstone	155	4.6	203	43	37	11	10	91	287				
41	London & Strathclyde	Gartmore	176	2.3	214	62	30	5	3	94	240	157	Securities Trust of Scotland	Martin Currie Inv. Man.	168	4.5	204	59	24	11	6	102	310				
54	Meldrum	Gartmore	223	3.5	266	91	5	4	—	94	312		SMALLER COMPANIES														
113	Outwith	Baring Brothers	184	3.0	224	60	14	17	8	93	260	13	Continental Assets (w)	Ivory & Sims	201	—	109	—	—	—	100	—	54	+			
183	Rasburn	Lazard Brothers	383	3.5	465	56	28	10	8	97	260	20	Dunedin & London	Dunedin Fund Managers	300	3.9	—	—	—	—	—	—	—	—	—		
71	River and Mercantile	Lazard Brothers	162	3.1	197	35	36	2	7	82	274	56	English & International (w)	MIM	148	3.4	190	59	23	15	3	108	265				
47	S. & P. Ret. of Assets (w) Δ	Touche, Remnant	124	3.6	181	83	17	—	—	140	—	71	Foreign & Colonial	Philip Hill	104	2.4	136	46	26	15	13	103	305				
501	Scottish Mortgage	Baillie Gifford	485	2.5	663	39	22	22	17	106	335	15	Family	Kleinwort Benson	266	4.4	344	87	1	—	—	—	96	+			
238	Scottish National	Gartmore (Scotland)	288	2.4	351	52	29	13	6	104	260	24	First Charlotte	Ivory & Sims	136	2.6	174	69	29	2	—	—	86	272			
164	Second Alliance	Independently managed	338	3.9	846	40	47	19	4	94	264	61	Fleming Technology	Gartmore (Scotland)	136	2.4	159	50	33	6	11	104	245				
581	TE Industrial & General	Touche, Remnant	183	2.9	265	51	24	16	7	97	266	180	Govett Enterprise	John Govett	180	2.5	203	38	61	—	1	94	182				
497	Wilson	Henderson	196	2.2	260	57	22	12	9	107	305	21	London Atlantic	Investors in Industry	193	5.0	260	73	14	—	13	94	251				
13	United Kingdom	Hambros Bank	276	4.1	314	99	1	—	—	97	273	20	Moorgate	Philip Hill	415	4.5	441	92	1	—	2	92	232				
42	Fleming Claverhouse	Robert Fleming	172	4.2	211	100	—	—	—	99	297	21	North British Canadian	Investors in Industry	264	4.2	293	5	—	—	—	7	107	266			
60	Shires (w)	Stancastle Assets	215	8.7	211	76	14	2	8	75	195	20	St. Andrew	Martin Currie Inv. Man.	131	3.2	174	60	22	15	3	94	291				
140	TR City of London	Touche, Remnant	111	5.0	136	90	10	—	—	101	307	40	Scottish American	Stewart, Ivory	293	3.2	377	46	34	9	11	97	233				
112	Temple Bar	Guinness Mahon Inv. Man.	180	5.0	194	99	1	—	—	92	309	40	Smaller Companies Int.	Edinburgh Fund Mgrs.	75	2.7	102	53	26	22	—	95	274				
												19	Strata Investments (w) Δ	Henderson	122	—	124	34	24	13	29	96	+				
												212	TR Trustees Corp.	Touche, Remnant	153	3.5	218	67	27	6	—	106	245				
												242	Throgmorton (w) Δ	Throgmorton Inv. Man.	276	4.3	351	89	9	1	1	129	297				
												17	Throgmorton USM (w) Δ	Throgmorton Inv. Man.	83	—	106	100	—	—	—	123	+				
												71															
													SPECIAL FEATURES														
													Ailsa	J. Rothschild	114	2.8	136	46	28	13	14	85	+				
													Consolidated Venture (w)	MIM	49	0.1	138	15	82	4	1	93	205				
													Draxton Consolidated	MIM	340	4.3	436	75	19	2	2	94	204				
													Edinburgh Financial (w)	Stancastle Assets	23	3.8	47	90	7	—	3	136	+				
													Ensign Trust	Murray Johnstone	145	1.7	157	69	22	1	8	101	247				
													Fleming Enterprise	Robert Fleming	334	3.8	407	100	—	—	—	86	304				
													Fleming Mercantile	Robert Fleming	147	3.5	183	52	32	10	8	95	242				
													GT Global Recovery Δ	GT Management	161	1.8	196	71	16	3	10	110	+				
													Henry's Investment (w)	Murray Johnstone	377	1.7	442	69	12	9	10	90	271				
													Nineteen Twenty Eight Δ	London & Manchester	180												

FINANCE & THE FAMILY

Profit from tomorrow's successful companies

INVEST TODAY IN THE GRANVILLE SMALL COMPANIES UNIT TRUST

Granville & Co., which has earned a reputation for helping small and medium sized companies to grow, is launching a specialist small companies unit trust.

The fund's objective is to achieve significant long-term capital growth by investing in UK companies, many capitalised at under £50 million and at an early stage in their development.

Emphasis will be placed on companies with proven management which operate in growing sectors of the economy or have a particular market niche.

The units should be viewed as a long term investment and the initial yield will be approximately 2%.

The growth of the Granville Capital Unit Trust illustrates the success of Granville's investment management. Since formation in January 1985 units have risen by 39.2% on an offer to offer basis, outperforming the F.T. All Share Index by a comfortable margin.

For details and an application form, please telephone Andrew Merriam on 01-621 1212 or complete the coupon below.

Mr Andrew Merriam, Granville Unit Trust Management Limited, 8 Lovat Lane, London EC3R 9BP. Please send information on Granville Small Companies Unit Trust. I am also interested in: [ ] The Granville Capital Unit Trust [ ] Personal Portfolio Management.

THE GRANVILLE SMALL COMPANIES UNIT TRUST

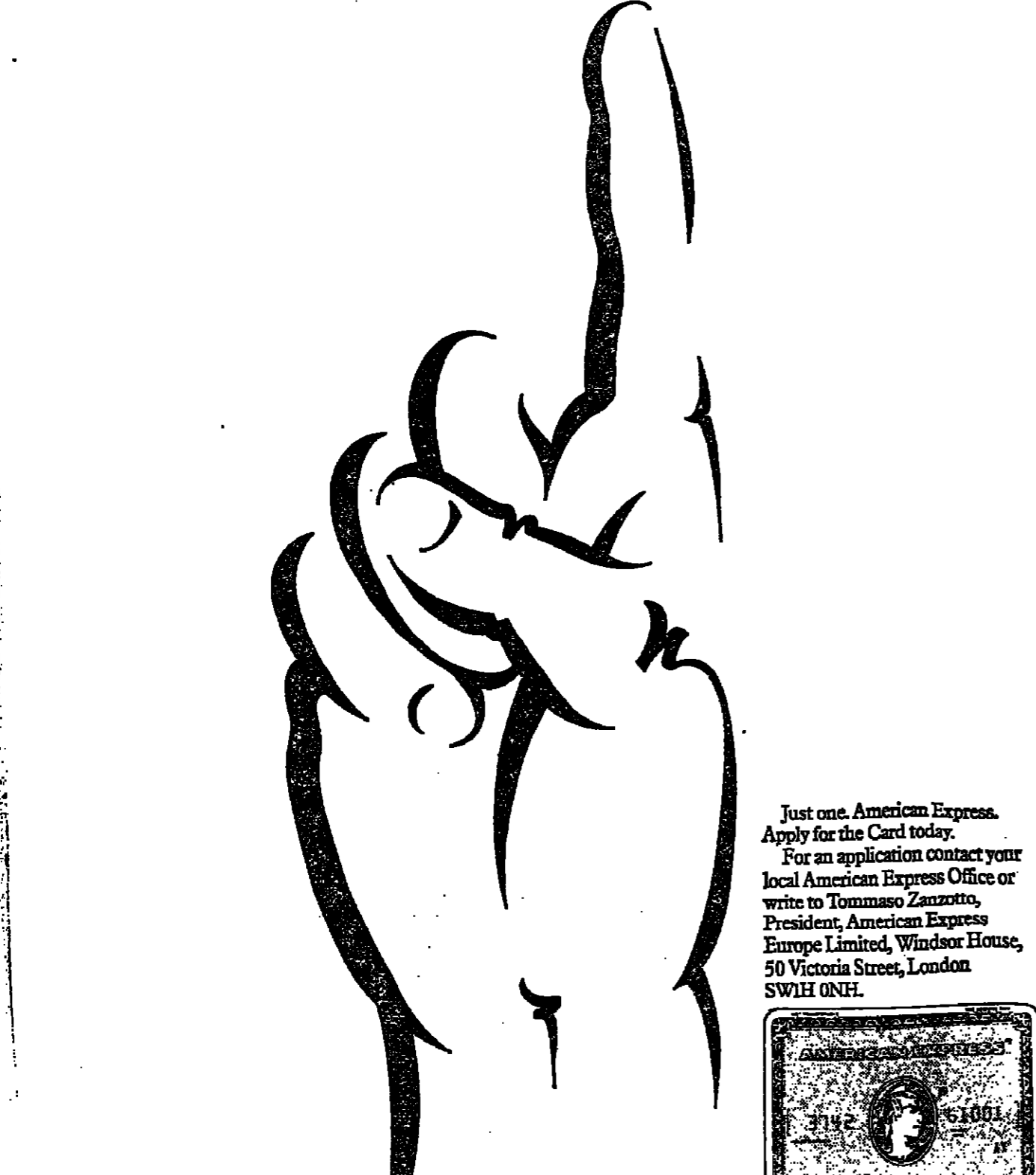
CHEMICALS AT THE CROSSROADS

The Financial Times proposes to publish a Survey of the above. The provisional dates and editorial synopsis are set out below.

- PUBLICATION DATE: JULY 22 1986
COPY DATE: JULY 9 1986
1. INTRODUCTION
2. COMMODITIES REASSESSED
3. THE LURE OF SPECIALTIES
4. THE SAUDI CHALLENGE
5. PETROCHEMICALS AND THE DEVELOPING WORLD
6. THE FUTURE FOR PLASTICS
7. FERTILISERS
8. BIOTECHNOLOGY
9. THE LIFELINE SECTORS
10. THE INDUSTRY AND THE UNIVERSITIES
11. PROFILES

Information on advertising can be obtained from: William Clutterbuck, Tel: 01-248 8000 extension 4148.

How many companies give their Cardmembers a helping hand in over 1,200 Travel Service Offices\* all around the world?



\*Office of American Express Travel Related Services Company, Inc. its affiliates and Representatives.



Donald Elkin examines the complications when an expatriate leaves property abroad

Will power

EVERYBODY should have a will and expatriates are no exception. After all, some of them live and work in dangerous places and the majority travel much more than average. But the international character of their lives often adds an extra dimension of complication—a fact of which most of them are entirely unaware.

There are no problems in making a will which is valid in England, Scotland or Northern Ireland even when you are employed abroad: the law for all three countries is set out in the Wills Act 1963. This ensures the validity of a will executed in accordance with the internal law.

Generally speaking, English law requires that the law of the testator's domicile be applied to his movable estate wherever he lives while immovable property is subject to the lex situs (ie, the law of the country where the property is).

Worried about exemptions

Under the transfer tax, there were exemptions for small gifts of £250 each to any number of individuals, and a £3,000 lump sum in any fiscal year.

Presumably, all these exemptions cease as from Budget Day when the transfer tax was abolished. What is going to be the position under the inheritance tax? Will there be exemptions for small gifts or have all gifts to come under the tapering charge arrangements?

The £250 and £3,000 exemptions are preserved by clause 81 (5) (b) of, and paragraph 5 of, schedule 18 to, the Finance Bill (as published on April 16). The £3,000 exemption is applicable primarily to chargeable transfers, ie transfers which are not potentially exempt. The changes will take effect retroactively from Budget Day, by virtue of clause 80 (3) of the Bill (subject, of course, to approval of the Chancellor's proposals by the House of Commons).

Rollover relief

I sold a property used for lettings in May 1983 giving rise to CGT of about £12,000. In July 1983 I came to Spain initially to "recharge batteries" but have remained since then.

The CGT has not been paid. I claimed rollover relief as my intention was to return and purchase another business. Due to "unfortunate" investment here in Spain I am at present unable to purchase another UK business nor am I able to pay the outstanding tax. How long will it be before the tax collector demands payment? What will be the tax collector's attitude to non-payment? I need not say how distressed I am over this as I would wish to visit the UK freely where my elderly mother resides but I have nightmare thoughts of being taken to the tower on setting foot there.



Transfer forms

On March 13 I asked my broker to "bed-and-breakfast" some of my shares and he sent me the "sold" and "bought" contract notes but no transfer forms.

After reading Clive Webman's article of March 29 I drew it to my broker's attention. He consulted his London office and later reported that they considered it unnecessary for me to sign transfer forms or send the certificates to them.

A wife's demands

I am a company director and shareholder of many small companies and all located in the same area. My wife and I have separated and have two children aged five and eight.

My wife proposes moving some 300 miles away and taking the children with her. This idea is totally abhorrent to me, as at present I am able to see the children most days. As I live for my children, there would be no incentive to continue with my business to continue with my business to obtain a joint custody order or similar which would prevent them moving out of the area? I am happy for them to continue living with me but require regular and frequent access. The children are not against moving but would prefer to stay

rooms from him while he has a mortgage? We would, emphatically, not advise your son to do his own conveyancing. An error could be very costly and there would be no recourse against him if the error were his. It is correct that most mortgages prohibit letting rooms while the mortgage is on foot. It would be necessary to arrange special terms to enable (eg) sharing to be permitted, and it is likely that a lender would have to be found who is not a building society, bank or insurance company if such terms are to be agreed.

Taxable windfall

I have received a gift of £15,000 from a relative who quit the UK 18 years ago to settle in the Bahamas. Not only is he neither resident or ordinarily resident in the UK, but having abandoned all interests here and having acquired a permanent home abroad he is firmly convinced that he has acquired a new domicile (of choice).

Mortgage tax rebate

I am a company employee and have a mortgage of £40,000. Repayment commenced in October 1984 by standing order of £170 gross per month. How and when can I reclaim rebate on the tax-relieved portion of £30,000 without using an accountant? By submitting a tax return, if you have not yet received your return form (April), write to your tax office.

Perilous proposal

My son will soon finish his University course and intends buying a house where he will be employed. He has said that he intends, or would certainly prefer, to do the conveyancing himself. Do you think this is advisable? Are we right in our assumption that he is unable to have other students renting the block?

Week-end Business

12 1/2% PER ANNUM NET INTEREST
STANDARD TERMS ACCOUNT £1,000 min £50,000 max
Under £10,000 12% p.a. net
Over £10,000 12 1/2% p.a. net
HIGH YIELD ACCOUNT £500 min
All amounts 12% net

BRADFORD INVESTMENTS Licensed Deposit Taker
91 Manningham Lane Established 1972
Bradford, West Yorkshire, BD1 3BN
Phone (0274) 395807 or Answerphone (0274) 737548

BUSINESS BUYERS INTERNATIONAL
We specialise in leveraged buyouts exclusively representing buyers
We will:
\* Search \* Appraise
\* Structure \* Negotiate
\* Assist in \* Close financing

120 KRUGER BANDS FOR SALE
PRIVATE INDIVIDUAL - NO VAT
Proof of purchase and source provided. Prepared to split into batches if necessary. £250 each
TEL: 0462 85300 OR 0783 9494 (EVENINGS)

Management Courses
ONE AND TWO-DAY INTENSIVE LANGUAGE COURSES
The short courses concentrate upon Business and Social usage in the following languages: ALL EUROPEAN LANGUAGES CHINESE AND JAPANESE ARABIC AND MALAY

Businesses For Sale
Presswork Company
Long standing suppliers to Automotive Industry
Current annual turnover in excess of £1,000,000
Freshford Property
Sited close to Motorway network, West Midlands
Write Box H0894, Financial Times 10 Cannon St, London EC4A 4BY

Businesses Wanted
WANTED 40% FOREIGN SHAREHOLDING IN NIGERIAN MANUFACTURING/TRADING COMPANY
Under the terms of a Trust we administer, we are required to make an investment in a Nigerian company by way of the purchase of the foreign equity of the held in a joint overseas Nigerian Company. It is a further condition of the Trust that the Nigerian shareholders in the company be more than 12 in number, regionally spread, with no shareholder holding more than 5 per cent.

Business Services

Offshore & UK Companies
Incorporation and management in UK, Isle of Man, Channel Islands, Turkey, Panama, Liberia, Gibraltar, Hong Kong, etc. Dormitory and nominee services.
SELECT CORPORATE SERVICES LTD
3 Mount Pleasant, Douglas, Isle of Man
Tel: Douglas (0064) 22111
Telex: G2854 SELECT G
London representatives:
A-S Old Broad St, London WC1A
Tel: 01-465 4344
Telex: 28247 SCSLDN G

Office Equipment
ANTIQUE OFFICE FURNITURE FOR EXECUTIVE OFFICE OR BOARDROOM
Why waste money on a depreciating asset when ordering office furniture? The sensible way to furnish is by leasing the English antiques, which, when compared with modern furniture can often be more competitive and also have the big advantage of an appreciating asset coupled with efficient tax planning.

Readers are recommended to seek appropriate professional advice before entering into commitments
BUSINESS ADVERTISING appears every SATURDAY and TUESDAY

Company Notices

De Beers Consolidated Mines Limited
Incorporated in the Republic of South Africa
Registration No 11/00007/06
NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES
DECLARATION OF DIVIDEND NO. 154 ON THE 40 PER CENT CUMULATIVE PREFERENCE SHARES OF R5.00 EACH
Dividend No. 154 of One Rand (R1.00) per share in respect of the six months ending 30th June 1986, has been declared payable to the holders of the 40 per cent preference shares registered in the books of the Company at the close of business on 27th June 1986, and to the order of the Registrar of Companies, Johannesburg, in accordance with the provisions of the Company's Memorandum and Articles of Association. A notice regarding payment of dividends is contained in the attached prospectus which is being published in the press by the London Secretaries of the Company on or about 20th June 1986.

Office Equipment

ANTIQUE OFFICE FURNITURE FOR EXECUTIVE OFFICE OR BOARDROOM
Why waste money on a depreciating asset when ordering office furniture? The sensible way to furnish is by leasing the English antiques, which, when compared with modern furniture can often be more competitive and also have the big advantage of an appreciating asset coupled with efficient tax planning.

Readers are recommended to seek appropriate professional advice before entering into commitments

BUSINESS ADVERTISING appears every SATURDAY and TUESDAY

Company Notices

De Beers Consolidated Mines Limited
Incorporated in the Republic of South Africa
Registration No 11/00007/06
NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES
DECLARATION OF DIVIDEND NO. 154 ON THE 40 PER CENT CUMULATIVE PREFERENCE SHARES OF R5.00 EACH
Dividend No. 154 of One Rand (R1.00) per share in respect of the six months ending 30th June 1986, has been declared payable to the holders of the 40 per cent preference shares registered in the books of the Company at the close of business on 27th June 1986, and to the order of the Registrar of Companies, Johannesburg, in accordance with the provisions of the Company's Memorandum and Articles of Association. A notice regarding payment of dividends is contained in the attached prospectus which is being published in the press by the London Secretaries of the Company on or about 20th June 1986.



# London Property



## Behind Cadogan Square, SW1

Close to Sloane Square and adjoining Cadogan Square, a carefully restored house ready for immediate occupation. 4 bedrooms, 2 bathrooms, shower room. 28ft double reception room, kitchen/breakfast room. Garage. 74 year lease. **£385,000**. Joint Agents

**Knight Frank & Rutley**  
152 Sloane Street, London SW1X 9DB  
Telephone: 01-824 8171, Telex: 892444

**W.A. ELLIS**  
174 Brompton Road, London SW2 1HP  
Tel: 01-581 7854 Telex: 32661 WAE

## Classic new apartments perfectly positioned for the Berkeley Square area

If a nightingale was to sing in Berkeley Square, you'd be sure to hear it in Rosebery - a superb development in Mayfair of brand new luxury apartments.

Two or three bedrooms  
Two bathrooms  
99 year leases  
Security single or double parking  
Resident porter

Prices from **£255,000**

## ROSEBERY

CHARLES STREET, MAYFAIR

Full details are available from the furnished show apartments open Monday to Friday 12 noon to 7 p.m. Telephone 01-493 3394 or from the Sole Agents:

**CHESTERTONS**

47 South Audley Street, London W1J 5DG  
Telephone: 01-629 4513.

A development by Higgs Hill Homes Ltd.

### BARBICAN EC2

Spectacular views from 31st Flr over the City of London. 3 beds, dbl recep, kit, utility rm, bath & shower rm. 120 year lease. **£160,000**

### BLOOMSBURY WC1

Large 7 rm flat in pop. mansion bldg. Needs modernisation. **£165,000**

**FRANK HARRIS & CO**  
01-387 0077

### Wanstead, London E11

10 mins. City, close to tube, forest. Triple fronted newly decorated corner semi house. 6 beds, 4 rec, large kitchen, 2 bath on suite. Double det garage. Gas central heating. Double glazing. Quality carpets, curtains, light fittings. Freshhold Bargain **£148,999**. Tel. Mr Khan 01-519 3104

# When old is best and new is unacceptable

NEW HOUSES just do not appeal to some people, no matter how well designed or efficient they may be. Sir Lawrie Barratt shakes his head at British buyers' reluctance to consider the square footage of usable space when comparing new and old properties. As he says, "people just do not think in those terms here, they are not used to the comparisons." In contrast, buyers of Barratt homes in California tend to work from the usable space back, picking a property size and then selecting location, style, and price.

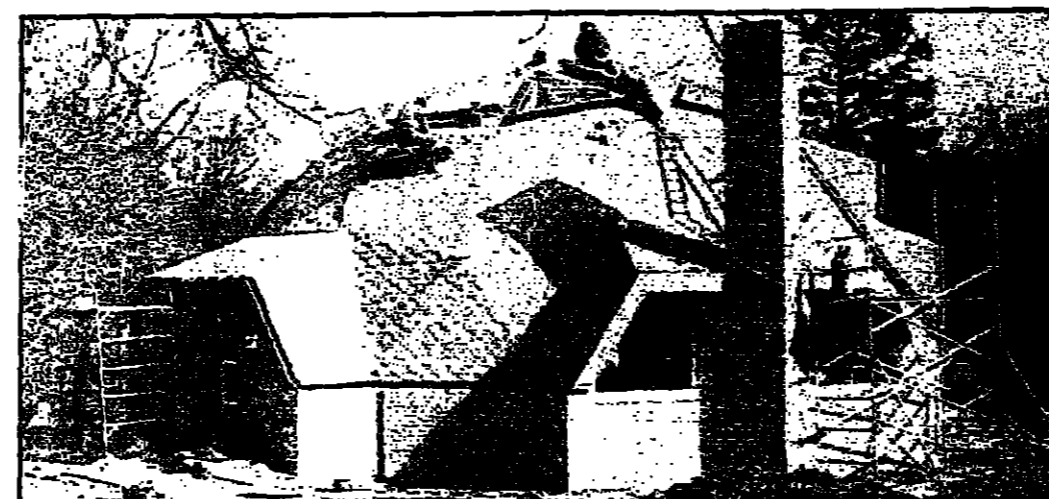
On Humberts books at the moment there is one distinctly old house that, for the same price, provides as sharp a contrast with a show house dome as you could find. Offers of **£250,000** are being asked for the Dwelly farmhouse.

Edenbridge, that has stood in its acre of garden on the Surrey/Kent borders since the 13th century. Humberts admits that it was heavily modernised in the 16th century, and the conservatory was added in 1926. Apart from that it is an unusually unspoilt Grade II, four-bedroom house that also has a 15th century barn suitable for conversion. The house itself needs repair and modernisation. But being just 26 miles from London it is unlikely that Jeremy Blanchard at Humberts (01-629 6700) will have long to wait for someone keen to do the work.

J.B.

# How to be at home in a dome

John Brennan examines an alternative concept of living for those unconcerned about building convention



A QUARTER of a million pounds will buy you Britain's first geodesic dome house. But you'd have to wait half a year before moving in. Nectar Domes, which built the house at Tatsfield, Surrey, wants to show it off first.

For the past two years Mr Gerry Swindells, Nectar's marketing director, has been displaying drawings, models, and the curved triangular sections of the dome home at exhibitions across the country. He drew the crowds, but no orders. It makes a pleasant change for him to have a real, livable-in dome to show off, and to be able to let the building act as an answer to the countless, doubtful questions that the models attracted.

"Would the planners allow you to build one?" Surrey's planners were happy enough, and while you would be unlikely to get permission to slot one into a terraced row, the dome shape would blend in on any detached site. Once you have a site, and the services built in, it takes only a few days to assemble a dome ready to be fitted out.

"Would it stand up?" Los Angeles poet, philosopher and mathematician Buckminster Fuller could have answered that half a century ago when he started to argue the logic of geodesics as a more rational building form, based as it is upon the strength of triangular sections used in pentagon and hexagon form to create a dome shape. Some 20,000 US dome homes prove the point. The Tatsfield house, assembled with stainless steel bolted sections of engineered hardwood is likely

to outlast most newly built houses in Britain.

"Could such a property be valued?" Well, Mr Swindells reports that it did take three valuers from the local authority to puzzle out that academic question of "what would the property rent for?" before coming up with a rateable value. But it may well be that they just wanted a break from measuring up "sems." In any event, they went away satisfied.

Home lenders' valuers might be harder to please. They usually balk at anything out of the ordinary, and so mortgage finance might be influenced by doubts about resaleability.

One favourite question about dome homes is "How do you attach a garage to one without ruining the line of the building?" It's simple enough at the Tatsfield house with an extension that uses the same geometric elements as the

dome. The eventual owner will not have to buy a Volkswagen "Beetle" to keep a car in style with the house.

Nectar, part of the private freight, shipping and property company NED Group Holdings, came to build the dome through the Financial Times.

A few years ago NED chairman and managing director Mr Gerard Nedderpel was intrigued by an advertisement in the FT placed by Cathedralrite Inc of White City, Oregon. Buckminster Fuller had been a Cathedralrite director until his death in 1983 and the company has since spread the word, and the dome, throughout the US. In association with Japan's Yanako Group, Cathedralrite's designs have been sold across Japan and South-East Asia.

Mr Nedderpel visited the Oregon group, liked the idea, and had a Cathedralrite dome shipped over to be erected as NED's office in Sharpness, Gloucester. A manufacturing agreement with a Dutch engineering group has provided NED's Nectar Domes with the precision-made sections necessary to build domes this side of the Atlantic. Now, with the Tatsfield dome completed, Nectar is ready to put a dome home over anyone who likes the idea of a home with 30 per cent less wall area to get in the way of living space, and around half the heating costs of a conventionally shaped house of the size.

The missing link, self-evidently, is the site. Until traditional housebuilders decide to add a few domes to their estates, would-be dome-owners need their own land before calling in the trucks full of triangles.

Nectar hopes to have resolved

that problem. An arrangement with King, the nationwide consortium of independent estate agency firms, aims to build up Nectar's lists of the kinds of single house plots ideal for domes, but which do not generally appeal to traditional builders.

It is rarely worthwhile for a volume housebuilding company to buy single plots for its land bank. One-off construction jobs tend to be uneconomic because it is impossible to average out the cost of site clearance, laying down drainage, site access works and so forth over a number of properties as you can with an estate of houses. Without competition from established builders Nectar or a link agent should be able to find suitable single sites in most parts of the country.

The absence of internal load-bearing walls means that homes in domes can be as open or as complex as you wish. At Tatsfield a 45-ft diameter dome with dormers and garage gives 2,600 sq ft of usable space and creates a spacious, four-bedroomed family house for two levels. The mezzanine floor gives a gallery effect over a living room area that rises to the top of the dome itself, and to the natural light source of windows set into the sides and ceilings of the timber finished curved walls of the building.

The £250,000 price tag on the show house reflects the fact that it is fully fitted out. Normally a similar sized basic dome would cost £132,900, excluding the site. Smaller domes, such as a 30-ft diameter one giving just over 1,000 sq ft of living area, would cost £98,000.

## Knight Frank & Rutley

**Canning Place, W8**  
A fine late Regency terraced house with a delightful secluded south facing garden.  
3 double bedrooms, 2 bathrooms, attic room/bedroom 4, entrance hall, double reception room, dining room, study. Front and rear gardens.  
Freehold for sale. (15282)

**The Vineyard, Richmond**  
A handsome Listed early Georgian house standing in about three quarters of an acre in a quiet position on Richmond Hill.  
7 bedrooms, 3 bathrooms, drawing room, dining room, study, morning room, library, large kitchen/breakfast room, games room, Staff flat.  
2 double garages. Walled garden with conservatory and heated swimming pool.  
Freehold for sale. (15209)  
Joint Sole Agents, Sturgis, Richmond, Tel: 01-948 8033

**London Residential**  
152 Sloane Street, London SW1X 9DB

**01-824 8171**  
Telex 892444

### Development Site Islington N.1.

0.123 acres approx  
Suitable for residential use  
For sale by informal tender on July 4th 1986  
Ref C.C. or J.E.

**DEBENHAM TEWSON & CHINNOCKS**  
01-408 1161

---

### NEW CHARACTER BLOCK OF 14 FLATS

CLOSE TO CITY in fashionable area  
Suitable for housing company executives and families  
FOR SALE FREEHOLD  
All flats fully fitted and equipped to high standard  
Occupation - July 1986  
Telephone 01-491 0397

### CANARY WHARF

An opportunity to purchase, on the ISLE OF DOGS close to the river, and only minutes from CANARY WHARF, an elegant town house. Set in a Conservation Residential Development Completed Area, spacious accommodation (40 ft lounge) and many special features provide an outstanding residence.  
**FREEHOLD £295,000**  
TEL: 01-647 8929

---

### SELL YOUR HOUSE IN THIS SPACE FOR JUST £90+ plus VAT

To find out more call  
**Lesley Procter**  
01-489 0031  
\*2 Insertion Rate.

## Rentals

### NEW - near MARBLE ARCH FOR BUSINESSMEN FULLY SERVICED LUXURY FLATS

STUDIO	£150 - £300 P.W.
1 B/R	£250 - £350 P.W.
2 B/R	£350 - £450 P.W.
3 B/R	£450 - £750 P.W.

Short and long Company lets

### DUKE LUXURY FLATS

14 Elm Court  
11 Harrowby Street  
London W.1  
Telephone 01-723 7077  
Telex 24141 DUKEAP

---

### Douglas & Gordon

Montpelier Walk, SW7  
Lovely newly modernised small period HOUSE: 3 bedrooms with own bathrooms, 3 reception rooms etc. very well furnished and decorated. Long Let. **£850**  
Telephone 01-730 0666

## Palace Court, W.2

For the first time, London is able to offer outstanding private accommodation together with exceptional personal service and 24 hour security.

- large well-finished bathrooms.
- pannelled doors.
- spectacular decorations.
- restored fibrous plasterwork.

Possibly unique, even to accommodation of this standard, is the provision of a residential management office fully equipped to service the day to day requirements of tenants. This also incorporates many optional services including a fully equipped laundry, valet, fax and secretarial facilities.

● spacious halls with working fireplaces.  
● fully fitted modern kitchen-breakfast rooms.  
● extensive cupboard and storage spaces.

ACCOMMODATION: 2 to 4 bedrooms AREAS: 1200 to 2750 sq. ft. (112 to 253 sq. m.)  
LEASEHOLD: 124 years PRICES: from £210,000 to £265,000

Site office open today 10.00am-7.00pm Fremantle Properties 77 Palace Court, Tel: 01-727 5911

Joint Agents

**AVESFORD**  
113 Kensington Church Street London W8  
Tel: 01-727 6663 Telex: 916448

**SAVILLS**  
151 Sloane Street London SW1  
Tel: 01-730 8322 Telex: 892444

### FULLY VACANT MODERN BLOCK OF FLATS

A six-storey building with lift and 6-car garage in prime position behind Claridge's. Ideal for quality letting operations.  
5 x 2 bed units  
1 x 1 bed unit  
**£125m**  
(low ground rent) Ref: JWR

**ESTATE AGENTS LASSMANS**  
ESTABLISHED 1875  
01-409 2020

---

### HAMPSTEAD, LONDON NW3

A substantial and detached house situated in one of Hampstead's premier and sought after roads. At the moment the property is in need of total modernisation but offers tremendous scope for conversions into either apartments or as a single dwelling. 9 bedrooms, 3 reception rooms, 2 bathrooms, kitchen-cum-diner, cloakroom, staff garage with 5 further rooms and a bathroom, 2 double garages, Evermore garden. Freehold **£995,000**  
Sole Agents  
**Pemberton & Clark**  
1 Finchley Road, London, NW8 9EB  
Tel: 01-589 9999

---

### Kennedy and Aldrich House Builders

OUR ANGLo/AMERICAN partnership offers a comprehensive and efficient property-finding service in central London.  
Telephone: 01-229 6773.

---

### FACING SOUTH

Offers a Residential and Investment property finding service to those wishing to purchase in Central or South West London  
**FACING SOUTH**  
5 Fleur Gates, Princess Way  
Wimbledon, London SW19 9BQ  
Telephone 01-788 9546

---

### STOP! HOUSE HUNTING FATIGUE?

Let us find the right London Property for you.  
**GEMINIS ESTATE SERVICES**  
Tel: 01-960 5355  
Weekend: 01-993 5042  
Telex: 22801

## Overseas Property

### Costa del Sol - Spain

Mijas Golf Area, close to the new luxury Byblos Hotel. Incomparably situated for golf, tennis, casino, shopping and all other needs and services. Malaga Airport 25 minutes.

This house must represent the BEST VALUE IN EUROPE if first class standards are sought. It is comparable with a similar establishment in any major city. It has 3 excellent Reception Rooms, 4 very large Bedrooms and Bathrooms en suite, Dressing Room, a self-contained Bedroom Bathroom - Kitchen suite with own entrance, and into house, Cloakroom, "Powder Room," spacious planned Kitchen - gas - electric, separate snack (breakfast) area, Pantries, Laundry, Wine Store, Automatic Central Heating, fully tiled Pool, marble floors throughout. Main house on single floor only; very easily run, low outgoings. 3-car Garage, Inspection Pit, Internal Patio - Fountain, Ornamental Aquatic Pool, latest radio security system. Constructed approx. 800 sq.m. Living area approx. 550 sq.m. (nearly 6000 sq. feet). Elevated site approx. 1 acre providing fine panoramic 360° views of sea, mountains, town and country.

This is a rather special property and needs a rather special buyer. Would suit important public company for executive vacations, entertaining, etc. There is the important benefit of a Liechtenstein Company ownership, saving considerable inconvenience, transfer and other expenses.

**Excellent Common Market investment at £495,000.**  
Only serious enquiries (7 days per week) to:  
Tel: LONDON 01-938 2046 Telex: 934 067 Telefax: 01-938 3595

---

### AUSTRIA SCHLADMING

Some Alpine apartments still available, 50% sold. Prices from: **£20,000-£70,000 Freehold**  
Heated pool, sauna, tennis court, Glacier skiing in summer. 50% mortgage possible subject to status. Letting arranged through adjoining hotel. One night comp. stay in view.  
Brochure: **CHESSHIRE GIBSON & CO.**  
01-491 7050

---

### GUERNSEY

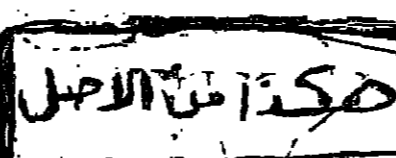
Attractive late Victorian house for sale. Conservatory, hall, 2 recep, kit, studio/garden room, utility, cloak, 5 bedrooms, 3 bathrooms, walled garden, glasshouse, garage & parking.  
Price and further details on application  
**Parkes & Associates Limited**  
3 St James Street, St Peter Port, GUERNSEY, G.  
Tel: (0481) 26798

---

### SPANISH VILLA

Costa Brava area (Girona) Elegant 3,000 sq ft 10 yr old, luxury home overlooking Mediterranean. Large living room, fireplace, dining table, balconies, stained glass windows, stone-tiled garden, covered patio, garage, private setting. Ideal year round or holiday retreat. Company verified price: **£5 million** possible.  
For additional information call or write:  
P. W. Funnell, Box 12867, St Paul, NH, 05112 USA  
(603) 633-2098  
Agent inquiries welcome.

PROPERTY



£8m home for keen gardener

Deep in the heart of London, the plants are paramount

A VINE-ENTWINED pergola by the water, a graceful gingko (maidenhair tree), and an Elizabethan garden... Mr Ian Buxton, Chestertons' marketing manager... Regent's Park retreat: Nuffield Lodge, London, NW1.



Regent's Park retreat: Nuffield Lodge, London, NW1.

relatives. Portrait painter Sigismund Goetze (1860-1939), look over in 1908, decorating the ground floor with spectacular murals... The Nuffield Foundation, which went there in 1953, have looked after the place well...

columns, friezes and central rotunda, is strictly taboo. A certain sympathy and flexibility is indicated over the first floor... In Nash's Hanover Terrace, where the last of five houses for modernisation, number 16, is on offer through Hampton and Sons...

nationals have to provide a UK surety or Banker's Guarantee for all the monies involved... This covers everything from before and after photographs in triplicate, to insisting that all the paint used should be strained through fine gauze before use...

June Field

Farmland prices lure the green welly brigade

IF YOU have always yearned for a reason to buy green wellington boots, and would like to splash a little of your own mud on the Range Rover, this is the moment you have been waiting for... The "smart" money is turning back to the land...

ment. Farm incomes have been dropping in real terms since 1976, last year, capital values slumped by an average of nearly 18 per cent as funds downvalued their holdings... Established farmers remain the fiercest bidders for vacant possession land that becomes available on their borders...

private buyers are looking at net returns on land that are now only a couple of per cent below the return on long-dated gilt-edged stock... Today, you can buy prime grade one English farmland for £1,600 an acre or less... While the fund managers are having to explain away a dip in their investment performance...

What it will not buy is anywhere in which to live. Sensible investors keep out of the way of their tenant farmer and most private buyers simply want a farm to add to the holdings of a family trust... On the Savills-IPD figures, gross rents for grade one English tenanted land now run to £77 an acre... Common Agricultural Policy problems or no—gross income growth has averaged just under 15 per cent

a year since 1976. Even after last year's fall in values, combined rental and capital returns have shown an average annual growth rate of 9.6 per cent for all land, and 12 per cent for grade one land since 1976... Fund managers are still selling, as and when they can, so 1985's drop in values might not be the end of the story... But they are able to take their choice of properties at historically high yields, rather than waiting until the market turns and the funds start holding on for the ride up.

Societies play it cool

John Brennan on the changing face of estate agencies

LLOYDS BANK showed the way with its fast expanding 240-office Black Horse chain of estate agents... In Nash's Hanover Terrace, where the last of five houses for modernisation, number 16, is on offer through Hampton and Sons, and Knight Frank and Rutley, for in excess of £275,000, there is a 43-page schedule of minimum works...

Next year, new laws for building societies should allow them to join the agency buyers... John Bayless, director and general manager of the Abbey National, believes: "There will be smiling estate agents all over the UK waiting for January 1987 and the arrival of the building society man with his open chequebook."

They can stop smiling now—because, speaking at the recent Building Societies Association conference in Bournemouth, Mr Bayless went on to give a view of the agency world suggesting that the societies will be far from uncritical buyers, if they join in the bidding at all.

"There is," he said, "one factor overriding all others if we do get involved in estate agency. I think that most members of the public are of the view that estate agents do a pretty poor job at a very high price... It is my firm belief that if we do get involved with them, then we're going to have to do it much, much better. There is absolutely no point in copying existing practices—they would just ensure we tarnish our own good names."

Country Property

STRUTT & PARKER

KENT—NORTH DOWNS 1,886 ACRES

Maidstone 5 miles. M20 2 miles. London 42 miles. THE HOLLINGBOURNE ESTATE

An excellent commercial farming and woodland estate. Attractive period 5-bedroom farmhouse, well-modernised secondary house, 3 further cottages... LONDON OFFICE TEL: 01-429 7382

GREATER LONDON—KESTON

Central London 13 miles. Bromley 3 miles. M25 7 miles. An excellent residential farm in lovely countryside within easy reach of central London... About 224 acres in all

For sale as a whole or in 7 Lots. CANTERBURY OFFICE, 2 St Margaret's Street, Tel: 02277 451123

NORFOLK

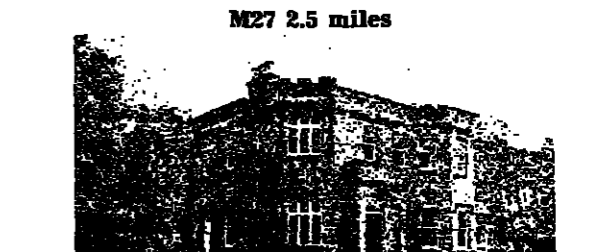
Norwich 25 miles. Holt 5 miles. MELTON CONSTABLE HALL A very fine and extensive Grade I listed house together with large stable courtyard and 4 cottages...

For sale by tender. NORWICH OFFICE, 4 Upper King Street, Tel: 06033 17431

SUFFOLK—WOODBRIE

Five Georgian houses with a wealth of period detail in the heart of Woodbridge. 3 Reception rooms, 4 bedrooms, 3 bathrooms... IPSWICH OFFICE, 11 Museum Street, Tel: 04737 214841

NEW FOREST BORDERS



Compact Country Estate

Fine country house enjoying complete seclusion. 7 bedrooms, 2 bathrooms, 3 reception rooms, study, kitchen/breakfast room, utility, staff wing, Farm buildings, two cottages, 87 acres, Paddocks, woodland, river frontage. Morris Dibben

CHALFONT ST GILES, Buckinghamshire

M25/M40 4 miles. Station 2 miles. London 20 miles. Magnificent Country House set in beautiful, secluded 4 acre grounds... A.C. Frost & Co

Humberts Agricultural

Yorkshire Dales A superb estate with leisure, sporting, farming and forestry interests... For Sale Freehold as a whole or in two lots.

An Ideal Forest for Capital Growth

Dramadon Forest near Newton Stewart 1015 acres Fully stocked, ideal for capital growth... BIDWELLS FORESTRY Chartered Surveyors

Overseas Property

VILLARS—SWITZERLAND Imagine an exclusive resort, just 70 minutes from Geneva... LE BRISTOL New investment opportunity in Swiss real estate

PUERTO PORTALS MALLORCA For sale now: Moorings, Luxury Apartments, Water Front Shops

BURROUGH & COMPANY BERKSHIRE Newbury 3 miles, Hungerford 5 miles. A magnificent house nearing completion in a spectacular 4 acre listed grade I walled garden...

NORTHAMPTONSHIRE In the heart of the unspoilt beauty of rural Northamptonshire stands a secluded country Hall, Listed Grade II\*, of great historical interest and variety...

Rye, E. Sussex April Cottage Restored 16th century Grade II listed cottage. Beamed, with many original features.

Giddy & Giddy PERIOD COUNTRY HOUSE Near BURNHAM Major portion of Grade II Victorian property. Exceptionally spacious, 5 1/2 beds, 3 baths...

SMITHS GORE RESIDENTIAL DEVELOPMENT Wotton House, Wotton-at-Stone, Herefordshire. A substantial Victorian house standing in mature grounds about 30 miles north of Central London...

COUNTRY VILLAGE RETIREMENT HOMES PLC Is pleased to announce a development of luxury retirement homes of the highest quality built to the most exacting standards in natural Cotswold stone in the delightful country town of Bampton near Oxford.

SMITHS GORE Eastgate House, Eastgate Street, Winchester SO23 8UZ. Tel: (0942) 51283.

ELEGANT APARTMENTS FOR RETIREMENT IN BATH BRISTOL AND TETBURY Retirement Properties Limited GENERAL WOLFE HOUSE 1 TRIM STREET BATH BA1 1HB 0225-338000

WEST SUFFOLK near Lavenham, suff reach of A45 & M11. Fine Elizabethan Manor House, extensively re-furnished in 10 acres. 4 reception rooms, excellent domestic offices...

TARN ET GARONNE, FRANCE Fine walled property dating from 1815 in hilltop hamlet of Mirveton. Tonneau Airport 1 1/2 hours. Carefully restored, the property is divided into 3 villages with a central garden...

Hampton & Sons 6 Arlington Street, London SW1A 1RB 01-493 8222

SWITZERLAND Crans Montana Rights on the East European Mountain Golf Course. We sell superb apartments 2 to 6 rooms from SFY.285,000

SPAIN, CANARY ISLANDS PORTUGAL, MADEIRA, CYPRUS, ITALY, GIBRALTAR & FLORIDA SPAIN—exclusive in Lanzarote, Tenerife, Costa Blanca, Costa del Sol, Madeira, Mallorca or in the best of Madeira, Costa de la Luz (Algarve)...

SWITZERLAND Montreux-Geneva Lake APARTHOTEL BONIVARD For sale luxurious apartments, from 1 to 5 rooms, overlooking the prettiest part of Geneva Lake.

Agence Romande Immobilière SA Gal. Benjamin—Constant 1 1002 Lausanne—Switzerland Tel: 21-20.70.71

MALLORCA PORTO FORNELLS 3 Freshly built first class apartments situated in the picturesque bay of Cala Fornells, County of Finca May, 86. South facing properties with fabulous sea views...

12% Yield We offer for sale quality second mortgages originated by a top U.S.A. Mortgage Banker. We service, pass through and guarantee. Please write or call: Hugh Miller, Vice President Delta Funding Corporation 309 Middle Neck Road Great Neck, New York 11021 (516) 829-6505

USA—OCEANVIEW PROPERTY Spectacular salt marsh and ocean views overlooking the annual overseas ranch, over 1000 tons, 2-acre garage, hardwood floors and private square in exclusive El Estero area of Phoenicia, Puerto Rico. Belfito & Tassinari 100 Court St. Plymouth, MA 02260 (617) 437-7463

# Leisure in the Garden

The pleasures of outdoor living are becoming more complex and range from simple barbecues to poolside splendours of dining al fresco

## The great move outdoors

NOT SO VERY long ago, probably no more than five or six years, the inhabitant of this country might, on a warm summer afternoon, have parked a canvas deck chair on the lawn, a pot of tea on an occasional table next to it, and surveyed the fruits of weeks and months of hard work on the vegetable patch, the fruit trees and the flowers.

To cater for such simple pleasures, a market has grown up worth more than £800m at current rates, providing everything from fertilisers to sheds to seeds and furniture.

Over the last five years or so, the pleasures of the garden have become more complex. Designer fashion has caught up with traditional furniture. The habits of warmer climates like barbecuing have begun to in-grain themselves. The swimming pool, a symbol of real luxury, has become affordable. A far greater slice of summer living has, in other words, moved outdoors.

The statistics of this change are impressive, if unreliable, because the key trade associations have only begun to look into the commissioning of market surveys. But those which do exist suggest rapid growth.

In 1980, according to Gima Futures/Euromonitor, the market for garden furniture was about £300m. In 1985, it stood at £55m. Barbecues had sales of £23m in 1985, rising to £23m in 1985. Between them, they account for about a tenth of the whole garden product market.

The take-off in the swimming pool industry is predicted to be even faster. According to the Swimming Pool Directory, it has an estimated current value of about £400m annually, including public and private pools, but the highest estimates

suggest a worth of £750m. Of this, somewhere between a third and a half is in the private and commercial sector.

This represents a total of about 125,000 pools from the simplest garden structure to the municipal pool, a tiny number compared with the US, but on present trends industry estimates are for a market worth £4,000m within a decade.

The leisure industry around the garden has had two basic influences. The broad mass of people have had several decades of spending holidays abroad and have acquired new habits, like the barbecue.

The other trend is to see the garden as a way of improving the house as an asset. As patios and conservatories are built on, so the focus of living in the summer moves outside. Barbecue parties replace traditional dinner parties. Conservatories are filled with informal furniture, but the requirement is for improved standards of design to accommodate the move between house and garden.

The traditional end of the garden furniture market in the UK has either been metal or wood and cast aluminium, which sells from anything from about £30 for a set of armchairs and a table to something over £1,000.

The cheaper metal frame furniture accounts for about 50 per cent of the market. About 30 per cent is cast iron, wood, aluminium or cane, and the final segment or roughly 20 per cent is in the new material which has revolutionised the business—so-called "resin" furniture, which is essentially injection-moulded polypropylene.

French manufacturers spear-headed the invasion of this higher-priced, more durable,

more weatherproof equipment at a time when the economy was picking up and exchange rates became more favourable. It had two major selling points. It could be left outdoors the whole year round without corrosion or rot and it could be sold with an image which made it a more attractive proposition to new outlets for garden furniture, like the DIY chains and the out-of-town supermarkets.

The resin market was more expensive to get into. To set up a single mould costs as much as £500,000, but against that a single piece of furniture takes only a minute or two to come off the production line, at least creating the manufacturing conditions for a mass market operation.

Resin furniture has found a strong niche among conservatory owners, a market which is doubling every year at the moment and has a value of about £40m annually.

The swimming pool business has taken longer to mature. In the 1950s and 1960s, the private swimming pool was regarded as exclusive to the pop star and the millionaire and hardly impinged on the consciousness of the professional classes. Such is the change, that distributors now talk in terms of impulse buys.

The impulse is, of course, restricted by the size of a property but there are as many as 1,400 companies involved in the business. Between 1985 and 1985, John Dawes Publications estimates that there will be £750m invested in new pools; £75m spent on refurbishment; £1,000m spent on energy use associated with pools; the same amount on chemicals; and £1,500m on the supply of accessories like furniture. Of the total value of present market, about two-thirds is spent on public sector operating and investment.

For all that swimming pools have come down market, they still cost a minimum of about £5,000. At that level, the family living in the suburbs can build

a do-it-yourself pool from a kit over a period of years and spread the investment.

To have a pool installed, the cost begins at about £3,000 and ranges up to £20,000. For an indoor pool, the price starts at about £10,000 and ends at more than £100,000.

Not unnaturally, because there are at least two-and-a-half million pools there, the market was US-led when it took off about a decade ago. At that stage, American manufacturers had about 90 per cent of the new down to about 10 per cent. As the business has grown, however, American manufacturers are once again consolidating their investment in the UK.

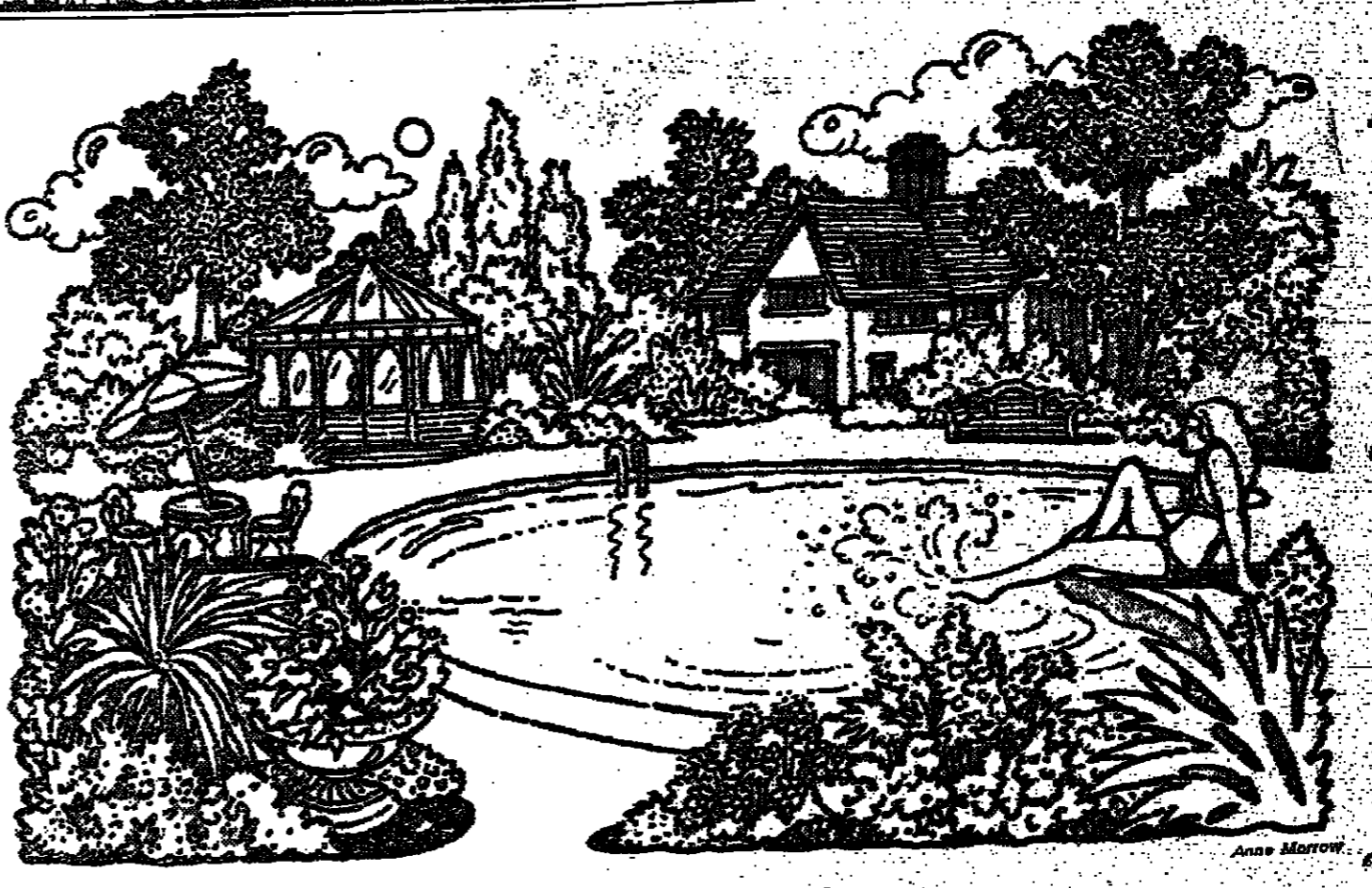
The more expensive end of the market is the concrete water-proofed pool, but the liner pool has helped to bring the price down to more affordable levels. Basically, this is simply a prepared hole in the ground with a PVC lining.

It is not only the initial outlay which in the past deterred people from buying pools. A high proportion of the cost and effort involved has been in heating and in cleaning. When pools were a rich man's prerogative, there was usually someone about to do the cleaning chores. Now there have been considerable developments in both filtration and water chemistry as there have been in the development of heat pumps.

But even the pleasures of the essentially non-consumer swimming pool have been translated into more marketable products which give the same health benefits but can be fitted into a smaller space and given some sort of brand recognition.

The spa and Jacuzzi market has grown from almost nothing in the course of a couple of years with installed sales of about 5,000 units and an annual sale of at least 1,500 units.

Chris Mansell



Swimming Pools

## How to make a splash

IF YOU WERE to ring the Health Education Council and ask, "How can I get fit?" the answer would be "Swim." As a form of exercise, swimming earns a star rating in each of the HEC's three goals—stamina, suppleness and strength.

All over the country public swimming pools are operating before and after work opening hours to cater for the increasing numbers using regular swimming as the path to fitness. At Parkside Pool in Cambridge, the staff call them "swoggers"—the aquatic equivalent of the joggers clocking up their quota of laps of Parker's Piece outside.

Today, most non-swimmers are aged 40 or over, and a growing number are signing up for adult learner's classes, as often as not prompted by their children's prowess in the water. Although not legally a compulsory part of primary school education, by the age of 11 most children have mastered swimming. They are starting earlier; mother and baby classes are thriving and more thought is going into the provision of pools for the very young, who require particularly shallow, temperate waters.

As an activity, swimming is sociable. Unlike many sports it knows no age barriers, being essentially non-stressful and non-competitive. Furthermore, the ability to swim is a prerequisite for a host of other sports—

sailing, windsurfing, canoeing and subaqua among them.

These human factors form a healthy background to the continued growth of the swimming pool industry. A recent estimate puts the total number of pools in the UK close to 160,000. Of these 2,500 are owned by local authorities; 7,500 by hotels, health centres, clubs, schools and colleges; and 1,600 are private.

New pools are being installed at a rate of 5,000 per year, spas at a rate of 1,500 and "bolt-on" spas (using existing domestic baths) at a staggering 20,000. According to the Swimming Pool and Allied Trades Association (Spata), this represents an industry worth approximately £400m annually—a figure covering energy and chemicals consumption, maintenance and refurbishment as well as building and materials.

A forecast for the next 10 years expects a turnover in excess of £4,000m with £750m spent on pool installation, £75m on refurbishment, £1,000 each on energy and chemicals and £1,500 on equipment and accessories.

Spata—which represents a useful starting point for the would-be buyer—is keen to dispel the exclusive, Hollywood image of the swimming pool—large expanses of water set in acres of grounds bathed in constant sunshine. With professionally-built pools starting at £7,500 and DIY kits even more

affordable, the market is by no means confined to affluent ABs, it maintains.

Spata provides free-of-charge booklets giving names and addresses of its 240 members and general information on choice of pool. It recently launched a free consumer protection scheme guaranteeing pool completion in the event of the installer going out of business linked to a six-year guarantee on pool structure and one-year on pool equipment.

The consumer faces a widening choice in product and price range—from the expensive top quality tiled pool to above ground splash pools, among the most ingenious being inflatable versions with slides designed for children to bounce on.

The prospective buyer or supplier who really wants to do his homework can visit the International Swimming Pool and Leisure Show, open to both

trade and non-trade visitors (next show at the National Exhibition Centre from March 5-8, 1987). Here are to be found exhibitors from the burgeoning market in spas, whirlpools, steambaths and ambubs as well as the more conventional swimming pool.

One of the main trends apparent in the swimming pool sector is towards putting a roof over the swimmer's head, keeping rain and pollution out and heat in. Manufacturers account for much of the recent demand for indoor pools—usually built on to the side of a house—provide year-round swimming but are expensive; a brick-built building costing perhaps £40,000. A larger market exists for bubble-like enclosures covering existing or newly installed pools which can extend the swimming season to

CONTINUED ON NEXT PAGE

**NOW FROM BARBECUE COUNTRY**

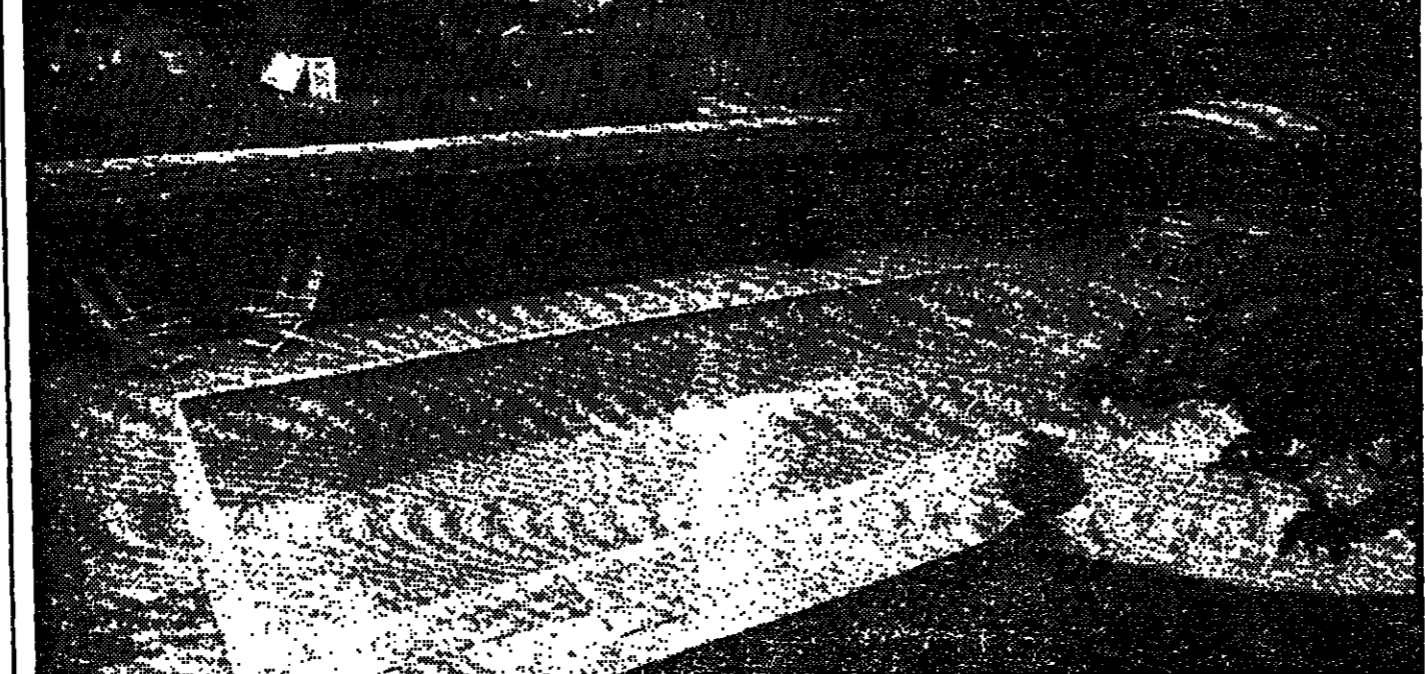
**Ducane**

**AMERICA'S TOP BARBECUE RANGE.**

**All the flavour without the fuss with a Calor gas barbecue!**

The Ducane 3002. Push-button ignition, cooling area 30 sq. ins. Two burners for superb Charcoal Warmth. Cast-iron grill plus one for roasting. Individual controls 1,500 BTU/hr output per burner. Vernon Maple side shelf.

**CALOR Equipment**



**POOL ENCLOSURES FROM**

Maintenance Free

**White Diamond CONSERVATORIES**

42 South Street, Stanground, Peterborough. (0733) 41850

**Patio Living starts here**

Bring the sunshine into your home with a superb Critical Warmth Conservatory, available in a wide choice of colours, sizes and plants. Stems. Send now for our FREE colour conservatories brochure.

The Critical Warmth Ltd., FREEPOST, Withy Grove, Gillingham, Kent ME15 2JL. Telephone: 0420 2444.

**Award Winning**

**Iroko hardwood DOUBLE SEATER**

Full range includes single & triple seaters.

**BOWIE PRODUCTS**

Unit 11A, Lynsey Industrial Estate, Harborne Road, London SE16 6JL. Telephone: Dean (0294) 43061

**GREAT BRITISH BARBECUES (GBB)**

MADE TO BRITISH STANDARDS BS 5282 SECTION 14 APPROVED FOR GAS DESIGNED FOR CATERING — THE BEST IN ALL WEATHER DIE-CAST ALUMINIUM GAS BARBECUES AND ACCESSORIES.

ROYAL GAS GB1290

Britain's largest gas barbecue manufacturer

ZENITH SELECTA HOUSE, CHAMBERLAIN 1817 Hill, Telephone: Chesham (02751) 2154 Telex: 53396 GBB GB (3112)

**CAS-IRON BENCH**

from the original Victorian pattern, £250.00 incl VAT, direct from

**WHITEHILL LTD**  
86 Leonard Street, London EC2  
Tel: 01-729 8833/7404

**Great Ideas in Pine from PINELOG**

**SKOR MORE GARDEN BUILDINGS LTD.**  
68 Comptrell Road, Romiley, Stockport, CHESHIRE SK6 4DE  
Tel: (061) 430 3347 Telex 656176

**We know more about chalets, indoor pool complexes, games rooms, & leisure. ASK US FIRST**

PLEASE LET ME HAVE DETAILS

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

**Classical Lighting**

by NORAL

Guaranteed for 20 years

An exclusive range of quality outdoor lanterns for any home. Crafted in cast aluminium and hand finished in black, white or aged copper, there are over 60 styles to choose from. Complete with matching wall, gatepost or lamp post fittings.

**NORAL** TRADE ENQUIRIES WELCOME

Send for free colour brochure to: Noral Ltd., Dept. SA, 31 Canby Road, Mount Farm, Little Wymondley, MK3 1JG. Tel: 0908 66422.

**ALEXANDER BARTHOLOMEW SPECIALISTS IN DOUBLE GLAZED CONSERVATORIES**

Alexander Bartholomew Conservatories Ltd., 277 Putney Bridge Road, London SW15 2PT. Telephone: 785 7263

**QUALITY BRITISH-MADE GARDEN FURNITURE BEAUTIFUL BENCHES**

The PINELAND Company, 91-93, The 3rd Street, B20 2JL, B20 2JL. Tel: 0527 51111

**PICNIC TABLES**

Webb's, 100, The Green, London E15 2JL. Tel: 01-552 1111

**TUBS & TROUGHS**

Classic design tubs, troughs, planters, etc. Tel: 01-552 1111

**ALWAYS ASK ALITEX!**

Your natural choice for long lasting, maintenance free new aluminium — or specialist replacement (on existing barchwork) — glasshouses, plant-houses, lean-to's or cold frames.

Alitex Highlight Limited, 21 St. John's Works, Station Road, Alton, Hants. GU34 2PT. Tel: (0420) 62890

**FORREST GARDEN CONSERVATORIES**

100, The Green, London E15 2JL. Tel: 01-552 1111

**TRELLISWORKS**

The original designers and producers of all kinds of architectural trellis, pergolas and arches

Ring for a brochure: 01-584 1604  
Chichester enquiries and sales: (0243) 774238  
Scottish enquiries to Killam: (0360) 50741

**URBAN ROOTS**

Specialists in Design and Construction of town and country gardens.

Reclamation, preservation and maintenance  
Tel: 01-985 8830

**SENSATIONAL SUMMER HOUSE SALE**

**OCTAGONAL CHALET FROM £399** (PRICES INCLUDE VAT)

PLUS FULL RANGE OF SHEDS, GREENHOUSES, LEAN-TOS, AND CONSERVATORIES.

SEND FOR NEW FULL COLOUR BROCHURE—NO STAMP NEEDED

FULLY GUARANTEED & FREE DELIVERY (England & Wales Mainland)

**SILVER MIST**  
The Silver Mist, Dept. 888, FREEPOST, Hordley, W. Sussex RH12 1JZ. Tel: Hordham (0403) 52943

**BEEFEATER** Telephone (0603) 665000. for the name of your nearest agent

**BEEFEATER** by Leisureking Limited

**LUXURY POOLSIDE GARDEN FURNITURE**

Made from Resin for the best possible protection with a 3 year guarantee

A variety of elegantly co-ordinated cushions and parasols. All available direct to the public at low prices

**SCHAEFFEREN LEISURE**  
Moorain House, 223 Cambridge Heath Road, London E2 0ER  
Tel: 01-729 5011

**DISTINCTIVE WICKER FURNITURE**

Upholstered suites, baby cribs, ottomans, and quilted bedroom chairs by

**THE CRIBBEN**

9 Woodland Place, Roath, Cardiff CF2 1AL - Tel: 0222 489955

**Amdega Originals.**

Every Amdega conservatory is hand-built in finest red cedar to our original Victorian designs — and with 112 years manufacturing experience you can be sure that every Amdega is a unique investment, creating an elegant new dimension to your home.

Octagonal and rectangular formats, plus special designs  
 Modular construction cuts costs  
 Wide range of sash designs and special features  
 Rot-resistant cedar wood frames  
 All-year round warmth

Double or Single Glazed  
 Choice of finishes  
 Local consultants to advise throughout UK (inc. C.I.) and overseas  
 Prices from £1,965 (excl. VAT, foundations and erection)

Complete the coupon to receive our free colour brochure and learn more about the finest traditional conservatories.

Amdega Limited, Department FT056, Faversdale, Darlington, Co. Durham, DL5 0PW.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Tel \_\_\_\_\_

SP  
SWI  
V  
TYE  
G  
Your or  
Leisure  
details of t  
To Leisure's  
rapport, BE  
Name  
Address





DELIVERATIONS

Gilding the lily

Robin Lane Fox visits Chelsea with the Sloane-Wallys

IF YOUR LEGS are still aching, you will not need to be reminded that the Chelsea Flower Show has just ended. Nowadays there are two shows: one is inside the tent where nobody pays to rent their stand; it will take me at least another week to sort out my impressions of the magical display and digest the advice which the growers give so generously. Outside the tent there is another Chelsea, which grows more varied yearly. Here exhibitors pay quite heavily for their patches and even more to have their name; it costs about £1,000 to have a patch for the week. I have been to the Chelsea Flower Show for many years, and I have been to the Chelsea Flower Show for many years, and I have been to the Chelsea Flower Show for many years...



Prickly patch: cacti and succulents from Duthie Park, Aberdeen

They also had price guides before being auctioned; another feature, doubtless, of 18th century gardening. But Veronica was not up to £150 for a rustic seat. At this point Julian returned from buying a ceramic composter and a thing called a Weasel, imported from West Germany, which is said to run rings round all other hoes. They were about to give up when they discovered the Haddonstone show. Round the pond there were some long neck-necked lead finningoes on equally long legs which they snapped up for the Old Rectory terrace. Julian was very taken with the huge pillars of a classical temple, stained to an age-old tone with Haddonstone's special antique wash. While he was asking for measurements, Veronica found just what she had been trying to get: the local blacksmith to run up when he comes to show the pony. Peter Jones, Sheldons of Suffolk were selling a tall birdcage of white wire with four legs which looked just the thing to stand before Julian's concluding arch of

Anglo-Hellenic state of grace

THE BRITISH School in Athens is celebrating its centenary this year. It is our centre in Greece for archaeology and Hellenic studies. Founded in 1883, it opened its first building in 1886, an attractive neo-classical house, in a field given by the Greek Government. Now the director's house, it is a rare survivor of old Athens among the marble-clad apartment buildings of Kolonaki, the smartest part of the city.

The large garden has the apparent calm of our old universities. At the bottom of the garden is the Macmillan Hostel (named for Lord Stockton's uncle George Macmillan, one of the school's founding fathers) where the students—aged from 18 to 80—live and work.

Inside the tall doors with their polished brass is a hall with polished floor. The Queen and Prince Philip look at the newcomer from either side of a war memorial. The young and not-so-young move between library, common room, offices and their own rooms. It may seem part of an imperialist cultural past, a view which would be reinforced by old photographs of the students or of British excavators having tea under the Lion Gate of Mycenae or in the palace of Knossos. These may be seen in A Scent of Thyme, a commemorative exhibition now at the Manchester Museum (till June 21).

But the appearance of a comfortable British club abroad masks what really happens. The Fitch Laboratory behind the hostel has been there since 1974. The Manchester exhibition shows how we recover the ancient economy by water sieving: putting the excavated earth through bubbly water so that seeds and pollen rise to the top to show what made up early agriculture and flora. It is easy to compare the results with farming in Greece today.

different views. More serious is if relations with the hosts go wrong. Little Englander US and British attitudes may surface, to the detriment of the guests in Greece. If foreign archaeologists are true to themselves, unpretentious but not cold, they should succeed in a country where people are quick to spot sham.

The strongest evidence against a complacent view is not scientific analysis, but the sheer amount of work done over the century, and the love of Greece, and a pragmatic approach to explaining the ancient. This comes from having lived and worked, walked, danced and sung, in a country where in many ways prehistory ended quite recently when the internal combustion engine became widespread.

The love and involvement in the country, and the inability to separate ancient and modern, explain why so many students of the school—it is a body in which you never cease to be a student—were on special missions in Greece in World War Two: Archaeologists are ideal.



Archaeologists' hero: John Pendlebury

speaking the language, knowing the country and way of life and trained to make reasonable inferences from usually inadequate evidence. It is a double-edged sword. The article in the school's annual after the war on sites for the in-Crete-in-time-of-war (were). He is a hero. Another hero in the school's history is John Pendlebury, who died in May 1941. This was not a man for whom he died in the war since it had reached Greece only a few days—and the school had even been digging at Knossos in December 1940—as soon as fast walking, keen eyes for detail and complete integration with the Cretan heroes. The director said that combine research (excavations, surveys and museum work), teaching and administration. It is an unwieldy task in the other foreign schools they negotiate for their national—and the Cretan—wealthy students, and those from Eastern Europe and Japan who come to the school. Requests go to the Archaeological Service officials of the Greek Civil Service, who do not have the same precision as British counterparts in Athens and the region. Called Ephors (overseers), they have the same problem of trying to research and at the same time having a large administration, as well as an endless rescue dig. What of the future? It will still be the practical work of tramping across hillsides, trenches and holding excavations in the hand to describe and draw them. It is the only way to learn. Collaboration with Greece will grow, mainly to raise money for the library, used by the archaeological community of Greece, and to endow bursaries for Greek and Cypriots to come to British research. They are causes that can do nothing but good. It is an odd, lovely institution. I have been part of it for 25 years.

The British School at Athens, 27-28 Gordon Square, London WC1E 0PY and Odos Sotiriou 52, Athens 10526. Gerald Cadogan

Red sky lies

THERE USED to be a retired shepherd in the village, and in those pre-war days he was a font of weather wisdom. Before I started any serious farming operation, such as hay-making or even taking the family to the seaside, I would consult him about the prospects of rain or shine. There were, of course, radio forecasts even then, but they never carried the conviction of George's predictions.

His forecasts could be long or short. In spring, the oak coming into leaf before the ash would mean there would be only a splash of rain; if the reverse, there would be a soaking. On this basis, I would say 1986 could be a dry summer as the ash is very backward. Then there was temperature. He would say it all depended on wind direction on quarter days (such as March 21); if a howling wind was blowing at noon that day, there would be a long, cold spring lasting until June. It was the same on December 21 for winter prospects. For the shorter term, George would have a formula starting out with the new moon. If it came in on its back, it would be a fine period; for the moon cycle, I suppose. But if it came in as a thin vertical

Red sky lies

present, it would pour water down to earth and it would be no good starting anything. In the same way, a warning moon was an inauspicious time for new projects. George did not hold much of the old saying that "red sky at morning is a shepherd's warning"—meaning that rain lies ahead. All too often, there can be some lovely red morning skies, particularly with an easterly wind, and it just dries harder than ever. A red sky in the evening, though, is a pretty good indication that it could be fine; but again, you have to watch the wind direction. Should it be in the south-west, the red sky could be heralding

the approach of a thunder system. George's main forecast of change was the way in which the wind behaved. If it went round against the sun—say, from south-west to east—it could mean that it would settle down from that direction; but if it changed haphazardly through north to east, it was pretty unreliable and forecasting was a matter of the greatest difficulty to be done on a day-to-day basis. Which, of course, was a way of ensuring the attention and perks with which his advice was rewarded. He was no great believer in the saying that a mass of berries forecast a hard winter; the

best of all is Resisto Rose but this is a fairly raw pink, like kind of colour I rather like if there is plenty of green around but which many people find harsh and objectionable. There are plenty of rather softer pinks, lavenders and purples and also some horridly brash combinations of red or purple with white. I find scarlet salvia rather hard on the eye but I do like some ceriseums which may seem inconsistent. I rationalise it by pointing out that geraniums have interesting leaves and shapely flowers which salvia do not. But I still prefer pink and white geraniums except those reds which tend towards crimson, a colour that nearly always seems cast to place in the garden. Much the same can be said of veronias. These are also perennials which are so easily and satisfactorily raised from seed that this is the way they are almost universally grown today. They are natural sprawlers, excellent for use as ground cover either on their own or between other plants but not in the shade where they fail to flower freely. For that purpose there are no better bedding plants than the modern imitations of the old Busy Lizzie brought up to date with new colours and a dwarf, spreading habit. When I visited the Stoke on Trent Garden Festival a few weeks ago by far the most effective flower colour came from some in separate, some in mixed colours. All were of the Universal strain which starts to flower very early and so is somewhat optimistically classed as "winter flowering" but they are equally good summer flowers. Crystals, which together with these homely flowers into the league for continuous

John Cherrington

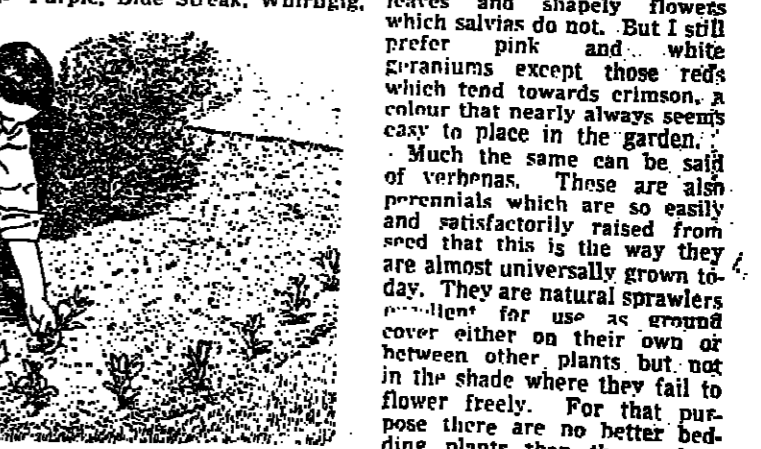
Bedding out need not be vulgar

YOU WOULD think from the way some people talk, that "bedding out" meant doing something horribly artificial and garish with plants. In fact it means no more than planting for a limited period with the intention of throwing away the plants somewhere else for the rest of the year.

It can be used to create elaborate displays such as can be seen in public parks and some big commercial gardens. Chester Zoo's Victorian style bedding out, for example, attracts huge crowds from all over the Midlands. By contrast owners of tiny front gardens use bedding out to keep the place bright in spring and summer. Those who have larger gardens find it useful for filling gaps or extending the colour schemes and flowering periods of permanent planting. In any garden, great or small, bedding out can make the difference between having a lot of colour all the time from April to October or having only a few patches of gaiety interspersed by long periods of reliance on greenery. There is certainly no reason why bedding out should be vulgar or in bad taste. At the moment there will be plenty of summer bedding plants about in shops and garden centres and some very beautiful things will be among them. For my part I have little use for the big African marigolds which look like highly coloured sponges but I have a good deal of respect for some of the small French marigolds which offer rich shades of bronzy crimson found in few other plants. I particularly like the single flowered varieties such as Naughty Marietta which do not look in the least artificial, mix well with other plants, and flower non-stop from the moment they are put out in late May or early June until

Arthur Hellyer sings the praises of colour co-ordination

most brings them to a halt in October. For much the same reason I am also very fond of antirrhinums. They look natural and associate well with more permanent plants and they have the added advantage of a much wider colour range with some particularly attractive shades of pink, yellow and crimson. There are also vivid reds and tan-



gerines that can be immensely effective but need careful placing. Penstemons flower in much the same way and are both a little harder and more perennial so that in many sheltered gardens they can be regarded as part of the permanent planting. But they are also excellent as bedding out plants to fill the gaps or help to strengthen the display. They are readily raised from seed and I am glad to see them returning to the market in considerable numbers. Osteospermums or dilmorphanthas, whichever name your supplier uses, fit into this same category of perennials so

Advertisement for Montblanc Meisterstück pens, featuring an image of a pen and the text 'MONTBLANC THE ART OF WRITING'.

Advertisement for 'The Unique Laser' featuring an image of a laser device and the text 'THE UNIQUE LASER'.

Advertisement for David Morris Jewellery, featuring an image of a watch and the text 'DAVID MORRIS JEWELLERY'.

Collecting Check mates

THIS WEEK London has resounded with checks being made over the board and cheques being written out across the board. At this checkers have been through a number of events connected with chess on show. First, the famous musical, already reviewed here by Michael Coveney. Then the Greater London Chess Festival organised by Chequers (118 Chalk Farm Road, NW1), London's unique chess café.

More specifically, at grandmaster level the UK-US Chess Challenge has been played at the Great Eastern Hotel, Liverpool Street. This event, sponsored by Pinnowri Gleeson, pits the reigning champion of Great Britain against his American counterpart in a week's contest of eight games. It was played for the first time only last year, in the United States, when the British David (Nigel Short, then aged 19) convincingly beat the American Goltsh (Law Alburt, formerly of the USSR). Alburt retained his US title, however, and came to our side of the Atlantic this week where he faced Jon Speelman in a fascinating tactical set of games.

This adult challenge was reinforced by a juvenile one in which two nine-year-olds, Alex Chang of Virginia and Dennis Huskins of "Finchley" played each other, and Alex's 11-year-old sister Angela played Cathy Hasling of Hayes, Middlesex. You soon find yourself caught up in it: and if after a while the heavy silence of the playing room becomes oppressive you have the option always of a change of venue—the commentary room where another demo-board the game is being analysed move-by-move by different masters each day. Apart from their use in actual play some chess pieces are beautiful objects in themselves. It is a universal game of immortal antiquity for which the skills of the finest carvers in both east and west working on ivory, bone, wood and other materials have been employed to fashion pieces and boards. The familiar Staunton design, named after the English chess master and Shakespeare scholar, only became standard for tournament play in the 19th century. It is this aspect of chess—chessmen as part of history and as ornaments that has also been much in evidence this week.

Chess Collectors from all over the world have gathered in London for their second ever congress. Chess Collectors International was formed two years ago by a Michigan doctor, George A. Dean and a group of



Vizagapatam ebony and ivory chess table, and ivory and horn chess set; part of Asprey's display

At Christie's in King Street a Russian porcelain 'propaganda' set (pawns with hammer and sickle made £3,400; while at Christie's, South Kensington, a Staunton ebony and boxwood set of tournament size sold for £900.

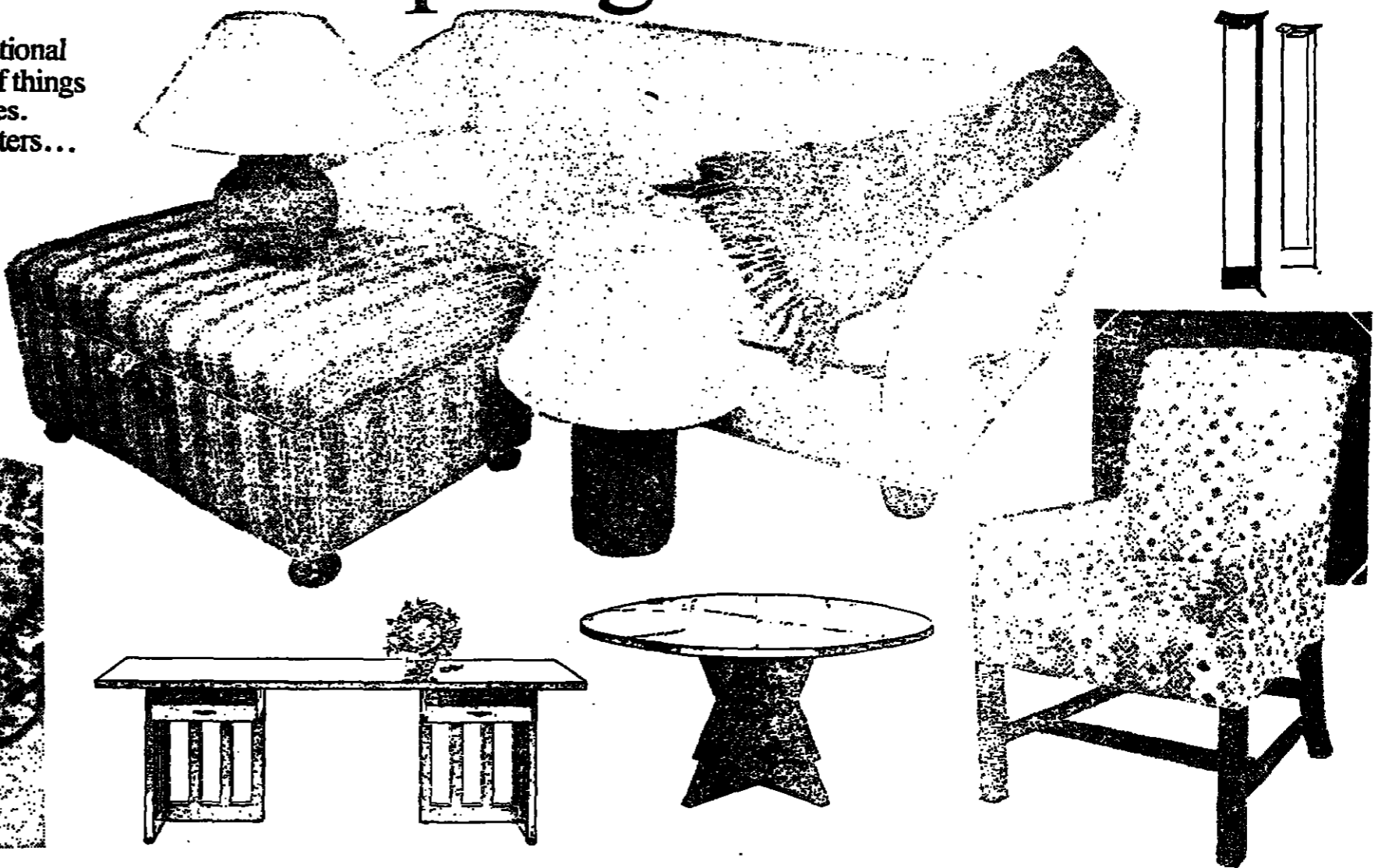
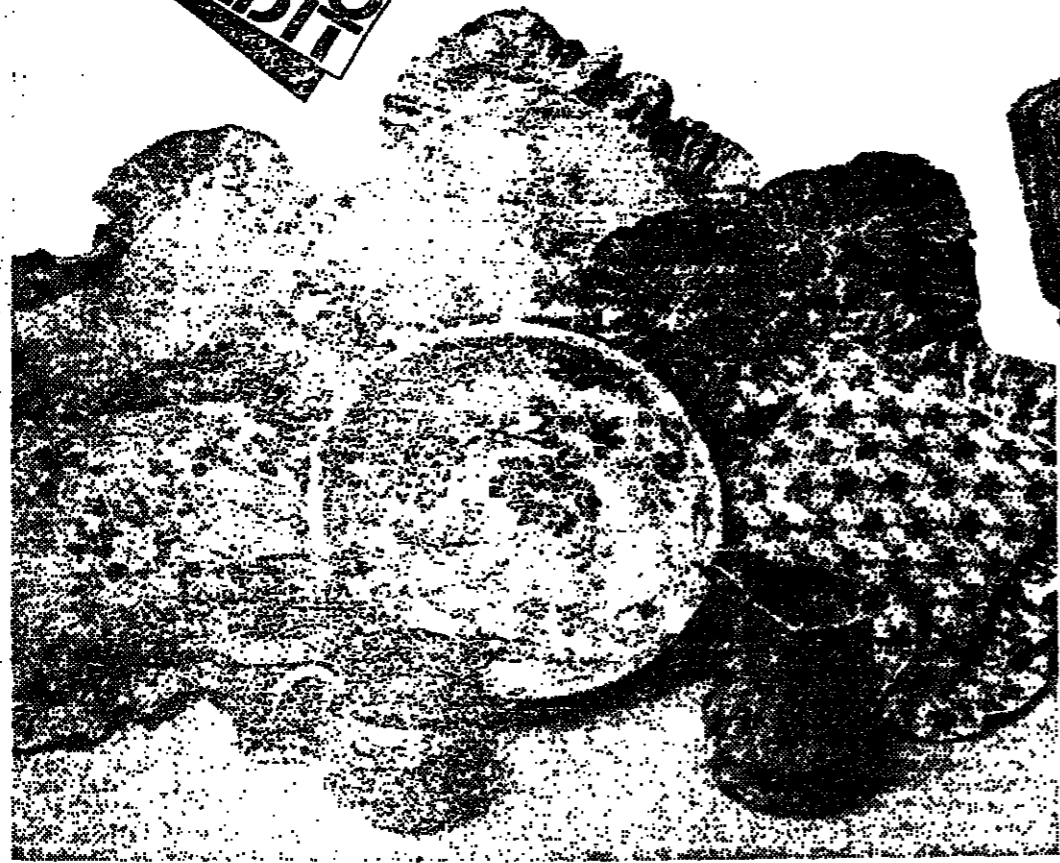
Not to be outdone, Asprey's has mounted its own exhibition, Chess For the Collector, which is well worth a visit. It contains some splendid sets from the past in perfect condition. Some of these are for sale. If you missed the auctions and you want a set you could probably pick up one to your liking from between £350 to £1,000 (some cost vastly more) and an inlay 18th century gaming table on which in display it for around £2,000. These values may seem high but I think they are going to seem low in a few years' time. The boom in antique chess sets seems as if it is just about to take off. Anthony Curtis

Handwritten text at the bottom of the page.

# Something superior for a spring-cleaned interior

Lucia van der Post  
**HOW TO SPEND IT**

The Interior Design International Exhibition unveils the shape of things to come—but only to select eyes. How to Spend It offers pointers...



JUST AS the brighter spring light begins to make our houses look a little dingy and in need of some fine tuning, one of the best annual exhibitions given over to interior design takes place. It would seem like happy timing but there had to be a snag and it's a big one—the public is excluded. All the pretty room-sets, the new ways with tiles and fabrics, the avant-garde furniture, the beautifully-laid out gardens, the ranges of ceramics and earthenware, is for the eyes of the trade only.

It's a great pity, for the annual Interior Design International Exhibition (held last week at Olympia) is the best

exhibition of its kind and it would be the perfect opportunity for those looking for new paints and finishes, new decorating ideas or just a length of fabric, to find the very thing.

Through the trade, of course, almost everything on show will eventually be available to us all and shown here are a few of the new things on offer this spring—almost all gleaned from the exhibition.

Osborne & Little, did not take its wares to the fair. It prefers to show them in its showroom at 304 Kings Road, London SW3, though its papers and fabrics are, of course, available through interior decorators and good decorating shops all over the country.

For years now, Osborne & Little has been one of the most forward looking of the paper,

paint and fabric companies, offering a strong individual handwriting. What is new and interesting for fans is that the company seems to be taking the first steps towards offering a complete life-style package, branching out into sofas, chairs, ottomans, dining chairs, and a collection of bed linen (duvet covers, flat and fitted sheets, valances and pillowcases). The designs could hardly be said to be revolutionary but they would fit easily and comfortably into many homes.

The library chair and ottoman are two particularly useful pieces and although there is nothing new about sheets or duvet covers, they come in exceptionally attractive colours (all very soft, including pale grey, sienna, coral, brown, blue and oyster) trimmed with a chic

striped border. There are, naturally, existing fabrics and papers which co-ordinate with the sheets and the upholstered furniture can be covered in any of the O & L fabrics.

Besides the furniture, there is now also a range of carpets—called Spice—which come in 10 colourways, all in 100 per cent pure new wool, all designed with a three-tone stipple effect. These, of course, also co-ordinate with much of the O & L range.

The library chairs are about £357, the three-seater sofas about £1,085, each excluding fabric, while a double duvet cover in pure cotton at £58.

Then there is a range of accessories to complete the look—table lamps shaped like obelisks, ginger jars, candeliers or candles, quilts and throws.

More are on the way. Watch out Habitat, Designers' Guild, Laura Ashley et al.

One of the most besieged stands at the Interior Design International exhibition was a small but totally beguiling one put together by a small antique shop in North London—Putnam's Antiques & Textiles of 72 Mill Lane, London NW6. Its owner, Antoinette Allsopp has been a collector of blue and white china for many years and when she was doing up her latest house she despaired of finding any fabric to do justice to it. She hit upon the idea of transferring the traditional blue and white patterns, normally found on china, onto fabric and the result is one of the freshest, most delightful collections of fabric I've seen in many a long

year. See sketch far left.

There are eight different fabrics, all made from 100 per cent cotton and all, according to Mrs Allsopp suitable for upholstery, curtains, tablecloths (and clothes). Five are entirely in blue and white colourways but three have been printed with equally traditional china patterns but in other colourways—there is one in pink and grey, one in green, red and blue and the last is terracotta and cream. All are totally enchanting and would be the perfect background to collections of traditional pottery.

All will sell at something between £9 and £15 a metre (five are £12 a metre, two are £9 a metre and one, Polly, is £15 a metre). For the moment

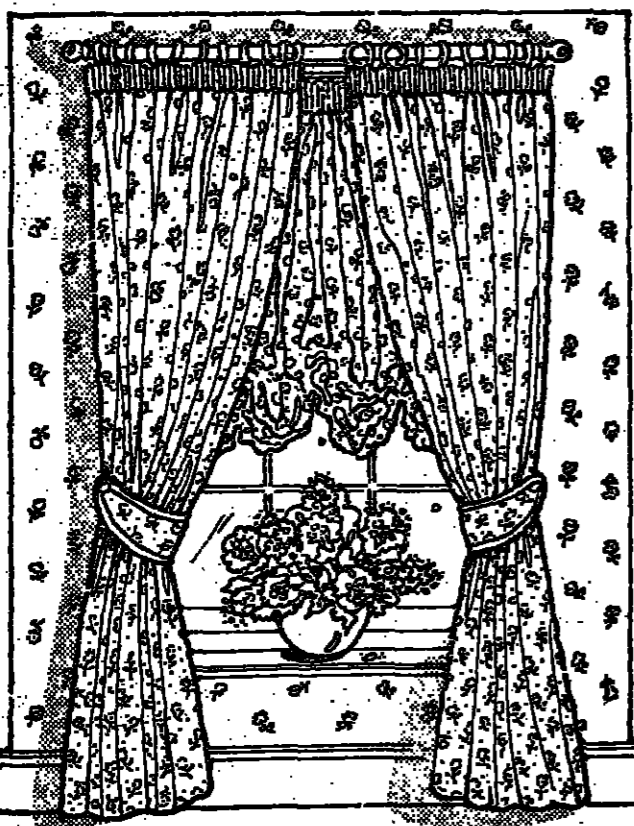
they can only be seen and bought at the shop but so prolific were the orders that in about five weeks time there will be sample books and order forms at many interior decorating shops throughout the country.

Also shown at IDI was some wonderfully simple and sturdy furniture designed by the Cornish Design Group and made by hand in local cabinet-making workshops. Although aimed at the contract market, where design always seems to be way ahead of that proffered on the domestic market, the two pieces photographed here would look beautifully at home in a wide range of settings. The desk is of ash (but being bespoke, so to speak, can be ordered in any wood or finish,

including a stain of any colour), is 2.1 metres long by 960 centimetres deep (though again of course it can be ordered in any size) and costs about £1,400. The elliptical table photographed right is of oak (or any other wood of your choice) and though designed as a conference table would make a splendid domestic dining-table. At 2.65 metres at its longest point by 1.5 metres deep, it is £2,600. Both pieces are to order only from Heal's Contracts, 22-24 Torrington Place, London WC1.

Shown top right are some stunning new lights by Atrium. Designed by Gilles Derain, made from aluminium and steel, they come in black or white, take Halogen bulbs and cost £396 each. Atrium is at Centropoint, 23-24 St Giles High Street, London WC2.

## A rose-tinted spectacle

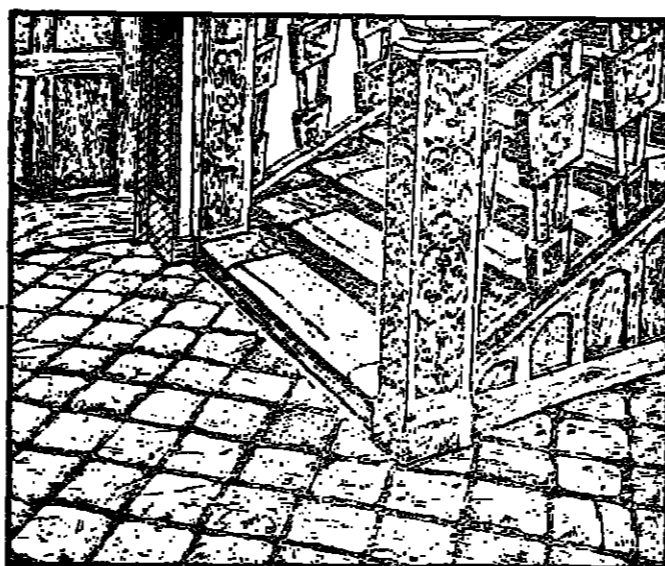


Whatever Next: coming up roses

IT IS only nine months since the first Next Interiors was launched and a second collection of papers and fabrics is finding its way into the shops. The look this time is much softer, prettier with roses, roses, everywhere—in bud, in full-bloom, even blowzy. Personally I like it less than the original more sophisticated coordinated style but it does have a certain sort of faded English charm which no doubt will appeal to some.

What might appeal to many is the curtain and blind-making service, which, it appears not too many customers realise that Next Interiors offers. Roman blinds, frilly Austrian blinds (as in the sketch left) pinch pleat, pencil pleat or gathered headings are all on offer in any of the Next Interiors fabrics. If you're interested pick up the order form from any of the Next Interiors shops.

Sketched right are some of the most interesting tiles I've come across in years. Paris Ceramics of 543 Battersea Park Road, London SW11 sells a wide range of genuinely old and very beautiful tiles culled from cottages, manors, lodges and



chateaux all over France. There are white stone tiles from the Loire, there is black slate from Angers, there are terracotta tiles from Provence—all are beautiful, all have been cleaned and restored and are ready to use in kitchens, halls, in patios and drive-ways. Prices start at about £50 per square yard for old tiles (this

price includes the sealing and protection of each tile so that it will withstand wear and tear). Look out, too, for hand-made Spanish tiles at about 25 a tile and for charming blue and white Delft tiles. For the full range you should make a point of visiting the shop.

LvdP

WINES OF WESTHORPE  
—for more wine value

**HUNGARY**

Superior Blanc - medium dry - £19.40  
Cabernet Franc - light dry red - £19.40  
Tramini - medium fruit white - £20.20  
Mist Eszaki - medium dry red - £23.20  
Chardonnay - dry, touch of chablis - £20.20  
Cabernet Sauvignon - dry red - £20.20  
Pinot Noir - Burgundy style - £20.20  
Merlot - full soft dry red - £20.20  
Tramini 1976 - sweet white - £29.50  
Sauvignon Blanc 1978 - bottled £29.50  
Pinot Noir 1979 - extra, wild - £29.50  
Merlot 1979 - body & flavour - £29.50  
HUNGARIAN CASE - £24.40  
1 bottle each

Prices include VAT and delivery for orders of 5 or more cases. Under 5 cases freight £2 per order. Full list from Wines of Westhorpe, 54 Bona Hill Road, Maidenhead, SL6 4JH. Tel: (0628) 21365.

OLD FRIENDS DOES LIFE BEGIN AT 40?

MARRIAGE, FRIENDSHIP or COMPANIONSHIP

the Introduction Agency for the 40s, 50s and 60s

Details: Anne Brent, 18a Highbury New Park, N5 2DE. Telephone: 01-226 6432

CHRISTIE'S  
The right place for Objects of Vertu

Mary Feilden  
8 King Street, St. James's  
London SW1 Tel: (01) 839 9660

James Dick  
85 Old Brompton Road  
London SW7 Tel: (01) 581 7611

OLD BOND & SHARE CERTIFICATES

FULLY ILLUSTRATED LITERATURE AVAILABLE

Gallery open: Mon-Fri 9.30-5

HERZOG ROLLENDER PHILLIPS & CO  
9 Old Bond Street, London W1X 3TA  
Tel: 01-493 7681 or 01-493 3355

AVERYS of Bristol

Traditional Fine Wine Makers Since 1702

Avery's 1985 Wine List is 43 pages packed with information, tasting notes and of course wine of superb distinction including 1985 Claret for laying down.

We deliver nationwide to ask: Cheery for your FREE copy today!

7 Park Street, Bristol BS1 5NG  
Tel: (0272) 214141

Wine Growers Association  
Established 1870

1985 VINTAGE CLARET OPENING OFFER

	per dozen IN BOND LONDON
CHATEAU PATACHE D'AUX Eysladan, Médoc	£45.00
CHATEAU MALESCASSE L'Amour, Haut Médoc	£48.00
CHATEAU LA FOUR DE EY Eysladan, Médoc	£55.00
CHATEAU MONLOT CAPET Grand Cru, St. Emilion	£56.00
CHATEAU LA CARDONNE Figeac, Médoc	£58.00
CHATEAU POTENSAC Potensac, Médoc	£60.00
CHATEAU LA LOUVIERE Léognan, Graves	£65.00
CHATEAU LA TOUR MONS Margaux	£72.00
CHATEAU VON FIGEAC Grand Cru Classe, St. Emilion	£75.00
CHATEAU D'ANGLUDET Margaux	£75.00
CHATEAU LES ORMES DE PEZ St. Estèphe	£75.00
CHATEAU GLORIA St. Julien	£77.00
CHATEAU CAYON LA GAFFELIERE Grand Cru Classe, St. Emilion	£84.00
CHATEAU DE SALES Pomerol	£88.00
CHATEAU PONTET CANET 5th Growth, Pauillac	£96.00
CHATEAU LA LAGUNE 3rd Growth, Ludon	£125.00
CHATEAU TALROT 4th Growth, St. Julien	£125.00
CHATEAU GUAUD LAROSE 2nd Growth, St. Julien	£140.00
CHATEAU MONTROSE 2nd Growth, St. Estèphe	£150.00
CHATEAU LYNCH BAGES 5th Growth, Pauillac	£155.00
CHATEAU GRAND PUY LACOSTE 5th Growth, Pauillac	£160.00
CHATEAU BEYCHEVELLE 4th Growth, St. Julien	£160.00
CHATEAU COS D'ESTOURNEL 2nd Growth, St. Estèphe	£165.00
CHATEAU PALMER 3rd Growth, Margaux	£225.00
CHATEAU MARGAUX 1st Growth, Margaux	£225.00
CHATEAU MOUTON ROTHSCHILD 1st Growth, Pauillac	£485.00
CHATEAU HAUT BRION 1st Growth, Pessac, Graves	£485.00

Delivery, Duty and VAT payable at rates prevailing upon arrival in the U.K. in Spring 1988

Offered subject to remaining unsold

Payment of the In Bond price with order, please, by cheque or quoting your ACCESS, VISA, AMERICAN EXPRESS or DINERS CLUB card number

ORDERS: Please send orders to our Freeport address, marking envelope "First Class." No stamp necessary

THE WINE GROWERS ASSOCIATION  
FREEPOST, LONDON NW10 1YA  
Tel: 01-451 0981 Telex: 923540

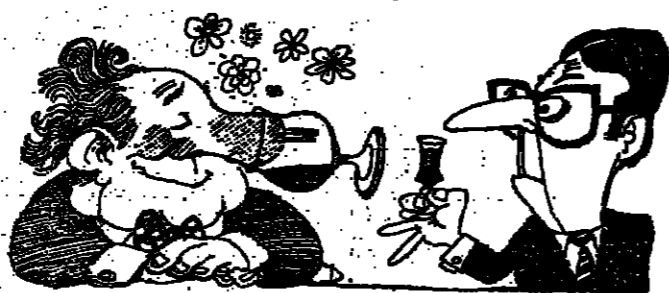
THE Consumers' Association has again called on the Government to regularise, as with beer, cider and most spirits, the quantities of wines in a glass as sold by bars and restaurants. This is obviously right, and for table wines I believe that the quantity should not be less than three fluid ounces; slightly more than one ninth of the standard 284 oz (75 cl) capacity of most bottles of wine, apart from the Germans; although in an attempt to con the customer into believing that a wine is cheaper than it is, much inexpensive beverage wine is sold in 24 or (70 cl) bottles.

Scarcely less important for the enjoyment of such wines is the size and shape of the glass, whose purpose is to exhibit its contents to the best advantage in terms of colour, bouquet and flavour.

The point of using suitable glasses is not, it should be stated at once, attributable to the snobbery all too readily ascribed to wine drinking. It is definitely not a matter of cost: no call to use the precarious, highly-priced Baccarat glasses, nor the often attractive but inappropriately shaped but engraved by members of the Crafts movement.

The first essential of a wine glass is that it should be of sufficient size to contain when half full a fair measure of wine: three to four oz. For one of the qualities of a wine, often passed over, is its bouquet, even with quite ordinary

## Wine Raising glasses



wines, although the finer the more distinctive. It may also tell one whether there is any fault in the wine before tasting. For this a glass is required large enough to swirl round the wine without risking spillages on the table cloth, which preferably should be white, so that the colour can be seen.

The worst offenders in respect of size are, of course the traditional tiny port and liqueur glasses that are commonly filled to the brim. Yet, fine port, vintage or tawny, has an incomparable aroma that should be appreciated without almost dipping one's nose into the wine.

It is not only a question of size but also of shape. The best is tulip-shaped, with an incurving brim that concentrates the bouquet. An alternative is a tall (c. 6 inches) straight-sided glass, large enough to hold a fair amount of wine for its rotation.

Wine glasses should be thin, for a thick edge to the brim is unattractive to the lips. For this reason alone the fashion in a few circles to drink champagne from tankards is to be deplored. A further reason is that one of the pleasures of wine is to see the colour, and in champagne to observe the pretty, ascending bubbles; and in such a receptacle the champagne seems to taste different. So all sparkling wines should be served either in a tall, thin slightly incurving glass or in a flute, for both display the mousse and contain the flavour. But the horrible commercial coupe's flat surface dissipates both

Further, as a clear view of the wine may tell one about its age and drinkability, cut-glass types, however opulent they may look, should be avoided, although a cut stem is attractive.

On the other hand the large balloon glasses in which brandy is too often served are to my mind vulgar. They are most commonly to be found in restaurants, no doubt to impress diners at nearby tables. Fine cognac and armagnac develop in bouquet and flavour by being gently warmed, and this is best done when the glass can be encompassed by one hand. For this reason I favour the thistle-shaped glass (Berry Bros & Rudd, SW1, sell them). A small balloon is also acceptable. Unfortunately, outside thistle-shaped glasses and large balloons are frequently on show in ostentatiously grand French restaurants; not least in Burgundy. Yet a puddle of burgundy at the bottom of an over-size glass is a depressing sight.

If size and shape are important, there is no call to have the "right" glasses for different wines. Some favour smaller white wine glasses for fish dishes, but I see no reason for this, although they may be appropriate for sauternes and other luscious wines, where the quantity poured out will be relatively small. Smaller glasses may also be used for sherry, port and madeira, but I prefer the copita as this concentrates the aroma, and in default of a

brandy glass the copita may be used to serve brandy. Otherwise a good sized-glass will do.

Surprisingly, the number of wine merchants who sell suitable wine glasses is small, but there are two or three excellent series. First are those sold by Berry Bros & Rudd. They are English handmade crystal, and the most useful large red one is rather like a jaffa orange with the top sliced off. This costs £2.95, as does a tall thin champagne glass.

A set of finer quality, hand-made in Czechoslovakia of very thin glass and a long slender stem is the Claret; and there is also a larger Goblet size with an even longer stem, attractive for its larger bowl. They are sold by J. & W. Chiffon St. W1, Avers of Bristol, Cornes & Barrow, ECI, Harrods and Tanners of Shrewsbury. Prices vary, but the set of six, plus post, cost around £45 and £50 respectively. The Swedish Orrefors glasses cost about the same, and are attractively thin. Harrods and Heals have them.

A much less expensive Czech series is handmade but not lead crystal, and includes a good-sized slightly tapered glass for table wines. I must declare a marginal interest as they are sold, among other firms by the Wine Society, St Leonards, to its members at £14.95 per six, including post and packing.

Edmund Penning-Rowsell

BOOKS

MPs on tour around Britain

BRITAIN: A VIEW FROM WESTMINSTER

edited by Julian Critchley. Blandford Press £12.95, 255 pages

JULIAN CRITCHLEY, the Conservative Member of Parliament for Aldershot, has edited a book of essays by fellow MPs, past and present, about the regions rather than the constituencies that they have represented or, in most cases, still represent.

It starts at the top of the kingdom with Lord Grimond on the Highlands and Islands and if one reflects on what a different book it would have been had the journey been the other way round, at least it ends with the South East where the writer is Teddy Taylor who would almost certainly have been Secretary of State for Scotland in Mrs Thatcher's first administration if he had not lost his Glasgow seat in the general election of 1979.

to the High Court." He also notes the roads. In the north they are supplied by public expenditure programmes designed to relieve poverty and to anticipate traffic increases that seldom occur. Yet such is the traffic in the south that motorway car "never be certain of reaching any particular place at any particular time."

Communications, roads and population movements are an underlying theme of the book. Lord Grimond mentions the Government's road-building programme to the north of Scotland after the rebellions of 1715 and 1745 and the fact that it took until recently to accomplish. John Cartwright, the SDP Member for Woolwich, complains that the River Thames, which offers a great broad highway into the centre of London for both goods and people, is "criminally under-used."

Leicester, we learn from Matthew Parris, until recently the Tory Member of West Derbyshire, used to be the wealthiest city per head in the Commonwealth. Bedford has, proportionate to its size, the largest colony of Italians and Buxton is the only town in the northern hemisphere where a cricket match has been snowed-out in June.

Several writers note the changes in population. St Ives was apparently once larger than Liverpool. Basingstoke now has 113,000 inhabitants against only 26,000 a generation ago. The population of inner London is now lower than at any time since 1841.



Julian Critchley: sentimental journey

since the late 1930s. But there are still pleasant stops along the way. John Smith, Labour's shadow Industry Secretary, refers to the recent renaissance of Glasgow and Neil Kinnoch notices the sons and daughters of Japanese managers and technicians being "Tafkised" at the comprehensive schools of South Wales.

The book also includes perhaps the best statement of his views on Northern Ireland by Enoch Powell. Quoting Edward Carson, he writes: "I do not want Protestants to rule Catholics or Catholics to rule Protestants; I want both to be ruled by the House of Commons."

Malcolm Rutherford

Thinker who hated the self

NEITHER ANGEL NOR BEAST: THE LIFE AND WORK OF BLAISE PASCAL by Francis X. J. Coleman. Routledge and Kegan Paul. £17.95, 227 pages

THE FRENCH are an instinctively bellicose race, as their splendid literature reveals. Since the Renaissance it has rung with the voices of impassioned controversialists—Montaigne and Pascal, Voltaire and Rousseau, Claudel and André Gide—sometimes raised one against another, but usually giving vehement expression to a strongly individual view of life.

True, Pascal had been born more than 80 years after the death of his great opponent Montaigne; but he was keenly aware of the older sage's influence, which, on the whole, he thought bad, and regularly brought up his name, for to Pascal and his religious coterie, the Jansenists of Port-Royal, Montaigne was the nearly perfect type of "Natural Man," a thinker who could not look far beyond the limitations of his own existence, but had recommended that a man should remain true to himself, and seek to understand and harmonise himself; whereas Pascal declared that the separate self was odious — "le moi" est haïssable — and that peace and certitude could only be achieved through a knowledge of Holy Writ and the believer's faith in God.

No such revelation had ever occurred to Montaigne as he meditated in the saddle — his favourite means of exercise — riding around his large domain. But Pascal had experienced a Pauline conversion on a Monday evening, November 24, 1654, "from about half-past-ten until about 12.30," which was so intense and luminous that to

describe its effect, he added merely the single word "FEU." At the time, he recorded it on a small scrap of paper that he sewed into the lining of his doublet, and replaced in every new doublet he subsequently acquired. There it was discovered a few days after his death. Meanwhile, this fiery visitation has transformed his whole mentality. It seems never to have been far from his thoughts for the remainder of his brief and restless life.

When a man renounces the world and its vulgar satisfactions, we are often tempted to inquire if he had really very much to lose. Pascal, on the other hand, was an unusually well-endowed character, the carefully educated son of a prosperous and pious family, who, at an early age, became a mathematician, a physicist, a theologian, a philosopher.

XIV, enraged by the Jansenists' intransigent devotion, ordered that a plough-share should be driven across its site.

Francis X. J. Coleman, we learn, is Professor of Philosophy at Boston University, and his study, his publishers tell us, is "intended for the general reader." But although he writes gracefully, and supplies us, while he goes along, with a great deal of illuminating information, I fear that his method of arranging his material may not always satisfy the comparatively uneducated reader's needs. As Port-Royal played so important a part in the story, should he not have given us, for example, a fairly solid chapter about its strange origins and astonishing development? Why did it come to mean so much to so many different men and women, who, besides Pascal himself, included Racine and a host of lesser spirits?

Jansenism is one of those "isms" about which our memories quickly grow fogged; and here, I think, a little more detailed background, at its proper place in the narrative, would perhaps assist a reader. The Jansenist creed, which was derived from the commentaries of an otherwise obscure bishop of Ypres, named Cornelius Jansen, had made upon the works of St Augustine, where he suggested no sinful man could escape damnation except through the heavenly gift of Grace, which God alone might possibly confer, seems "as a dogma to have had no immediate connection with the rise and fall of Port-Royal. But it had stirred the soul of the saintly abbess Mère Angélique (whom her father had promoted to her position at the tender age of 11) and encouraged her to organise an ascetic regime that soon attracted many faithful followers. What they sought was a form of spiritual repose, from which the outer world was rigorously excluded. It was this pervasive calm, rather than any questions of dogma, that must no doubt have drawn Racine and Pascal.

That the author of the *Peace*, in addition to his other gifts was a master of the French language has long been acknowledged by biographers and ledged by Professor Coleman; and the imaginative writer does the imaginative writer full justice. He plausibly, however, as an odd explanatory theory, Pascal's genius, he says, largely depends on his regular employment of a stylistic device that grammarians call the "oxymoron" and that the Oxford English Dictionary defines as a "figure of speech with pointed continuation of seemingly contradictory expressions," citing Tennyson's picture of the adroit Lancelot's relationship to the cuckolded King Arthur and whose "faith unfaithful kept him falsely true."

The Professor then goes on to assert that Pascal "translated almost all his experiences through the oxymoron which enabled him to reconcile the stark attempts to reconcile the angels and the beastly aspects of the human disposition, and the opposing claims of faith and science." Though Professor Coleman proves elsewhere a quietly judicious critic, his statement that "without oxymoron's actual aid, some of Pascal's most valuable work might never have been done, because the rather wild assertion of the kind of theory that sounds impressive if thrown off in a lecture room to be picked up by an audience of eager students, but that looks somewhat slightly less convincing when it appears upon the printed page.

Peter Quennell

Test site people mystery

Fiction

STALLION GATE by Martin Cruz Smith. Collins Harvill. £10.95, 287 pages

THE INNOCENTS by Carolyn Slaughter. Viking. £9.95, 219 pages

FAREWELL TO THE SEA by Reinaldo Arenas, translated by Andrew Hurley. Viking. £12.35, 412 pages

ILL TAKE MANHATTAN by Judith Krantz. Bantam. £10.65, 448 pages

STALLION GATE, in case anyone needs reminding after the Chernobyl disaster, is where it all began, the nuclear business. It was the test site for Los Alamos, an ancient Indian reservation earmarked by Robert Oppenheimer for the detonation of the first atomic device. A mysterious place, where everybody knew something important was in the wind, but very few knew what. A place where cows turned white overnight for no discernible reason and were unaccountably destroyed, even the pregnant ones, a taboo practice to the local mesqueros. Taboo also to Sergeant Joe Peña, a full-blooded Pueblo Indian, the central figure in Martin Cruz Smith's slow-moving new novel. Peña is a fighting man, full-blooded in every sense of the word, consigned to a military prison for seducing an officer's wife, until rescued by Captain Augustino, Los Alamos's chief of security. Augustino is looking for a Soviet spy on the project, and suspects Oppenheimer. He plants Peña on him as driver and bodyguard, to see what he can find out. Peña sides with Oppy, a friend from before the war. Also with mathematician Anna Weiss, a fugitive from the Holocaust, who treats him like dirt, until he shows her what being a man is all about. He has already shown Captain Augustino's wife, unfortunately, an episode for which Augustino will cheerfully kill him once he has served his purpose. As if that isn't enough, he is also preparing for a prize fight to raise money for a post-war business proposition. And all the time the seconds are ticking away at Stallion Gate.

An atmospheric novel, rather than a high-tension thriller. There is a Hitchcockian climax of sorts as the seconds melt to zero, but the plot is too loosely constructed to keep one on the edge of one's seat. Its strength lies rather in its portrayal of Sergeant Peña, of the Indian set-up in general. The author is himself part-Indian, a heritage which enables him to view the goings-on at Stallion Gate from both sides of the coin.

Colour again in Carolyn Slaughter's *The Innocents*, a tale of modern-day South Africa, two whites and half-caste girl growing up together in perfect harmony on a farm in the bush, no problems at all until the realities of Apartheid intrude from the outside world. The realities are all too intrusive — pass laws, poverty, fathers forced to work away from home, the inadvisability of forming friendships, even innocent ones, with the opposite sex across the colour bar. A sad story, if sometimes a little familiar.

The plot revolves around Ruth, a white orphan whose parents died in mysterious circumstances, long before she could remember them. The truth emerges eventually, but by then the South African economy has collapsed, cities have been bombed by terrorists, the farm workers are taking to

the hills, the whites are reaping what they have sown, Carolyn Slaughter's message is clear enough, though she muddies it somewhat by switching viewpoints more often than absolutely necessary.

Reinaldo Arenas's *Farewell to the Sea* is the work of a poet and revolutionary, exiled from his native Cuba in 1980 after twice having his manuscript confiscated by the authorities. "Rich in hallucination, myth and fantasy," according to the publishers, "it is a fierce and unforgettable work that speaks for the entire human condition."

This sort of stuff is often published in shorthand for unreadable, and although *Farewell to the Sea* is far from unreadable, it is certainly not in the Anglo-Saxon tradition of novel-writing either. A paragraph taken at random goes on for 38 pages, though the author makes up for it elsewhere by breaking out into poetry which proceeds at the rate of one letter per line. There is no plot of any sort, just a series of random discourses as homosexual Hector and his unnamed wife struggle to come to terms with life and everything, during a six-day sojourn in a cabin by the sea. You will learn a lot about the Cuban situation, if you can bear it. Alternatively you might just prefer to leave the book lying around on coffee tables, to impress visiting friends from Hamstead.

Which brings us to Judith Krantz, best-selling author from Beverly Hills, the lady who gave the world *Scruples*, *Princess Daisy* and *Mistral's Daughter*, and is now about to assault the ratings again with *I'll Take Manhattan*. Maxi Amberville it is, who will take Manhattan, a beautiful, bitchy, twice-divorced 29-year-old — formerly the Countess



Martin Cruz Smith: Pueblo Indian hero

of Kirkcaldy, would you believe — whose talent for lust is matched only by her enthusiasm for hard work. She is a go-getter of a peculiarly American kind, one of those fierce women who queue at the door of Concorde even before it has come to a halt, and sleep with the Customs man in New York if he will only let them through in a hurry. She is in a hurry because her late father's magazine empire is about to fold. Undaunted, she enlists the aid of hot-blooded ex-husband Rocco Cipriani to help her save it, and leaves the opposition, to her surprise, picking itself up breathless from the floor. What more can a critic say? It's utterly, utterly dreadful, that's what.

Nicholas Best

China's views

CHINA'S FOREIGN RELATIONS IN THE 1980s edited by Harry Harding. Yale University Press. £22.50, or £8.95 (paperback), 240 pages

A MAMMOTH effort of organisation and funding by the Asia Society of the US has brought forth a remarkably interesting book. The society commissioned a group of young China scholars to write a study of Peking's recent foreign policy, and raised money to allow them to summon specialist conferences in Peking, Delhi, Tokyo, Singapore and Bellagio (Italy) to discuss their draft chapters. These were heavily revised, since the meetings threw up stimulating new ideas. Considering the number of different authors involved (six), the end-product is surprisingly smooth and satisfying.

Still, the insights into the behaviour of China and its neighbours remain valid and often thought-provoking. Michael Hunt's essay on the historical background, for instance, analyses China's foreign policy not just as based on the "Middle Kingdom" syndrome — the belief that China is at the centre of the earth — but on the attitudes of the Warring States period or the enormously popular "Romance of the Three Kingdoms." In these, he says, inter-state relations are characterised by constant manoeuvre and ruthless competition.

Forget the fact that the Warring States period ended in the

third century BC; the Chinese, he says, still look back on it as a model. And what he calls the "unloved collaborator" factor — the Chinese who do a deal with the invading barbarian — still operates, and such collaborators call forth the xenophobia visible in, for instance, the Cultural Revolution. While the conclusion of the book is that China will probably maintain a balanced position between the US and the USSR for the foreseeable future and will keep its door to the west ajar, it rages through some interesting facts before it gets there.

One is the low opinion of China it says is widely held in Japan, where Peking's modernisation movement is seen as a failure. Another is the perception which has grown since outsiders have been able to form first-hand views, that China is too inefficient to constitute a threat. A third is the amazement among small but rapidly developing countries that the west takes China seriously as a potential superpower.

These are narrow views, since China, clearly by virtue of its size, resource base and nuclear capacity, should be numbered among the major countries of the globe. But they reflect a changing world, and one with which Peking's foreign policy will have to get to grips. Without updating its traditional attitudes more than it has done so far, this may prove difficult.

Colina MacDougall

Tune of Brahms



TOO DIRTY FOR THE WINDMILL by Caryl Brahms and Ned Sherrin. Constable. £12.95, 236 pages

A MEMOIR of Caryl Brahms, it is called, not a life. I never really thought of Caryl Brahms as having a life. She was virtually unchanged over the 30 years I knew her, and now that we learn the details of her past (born 1901, Doris Caroline Abrahams, related to poet Peter Levi and photographer Zoe Dominic) it seems that she was much the same for the previous 30. This is because she cannot tell a tale about anyone without converting him or her into a character from one of her novels.

Sometimes he is prompter, sometimes narrator, and between them they have assembled a self-portrait as life-like as any in *A Ballet in the Ballet or No Bed for Bacon*. Caryl Brahms might have been a pianist if she had not failed her LRAM. Instead, she took to journalism by way of children's verses (and very good they were) for the *Evening Standard* and an unsolicited ballet notice sent to Time and Tide. Ballet criticism was fairly scarce at the time, and she soon became known for hers. She wanted to write it in PUNCH when I was there, and I advised Malcolm Muggeridge that, as her only claim that she was better than the then current critic, the honorary chaplain to the Royal Ballet, could not be upheld, we should not use her. However we remained friends.

Her first collaboration with S. J. Simon — a Russian, Secha Jaskidelsky — began while waiting for an hour to see the managing editor of the *Daily Telegraph*. "Skid" died suddenly after 20 years' partnership; Ned Sherrin wrote to propose himself five years later, and stuck. Caryl was a dominant lady, "characteristically possessive," Ned Sherrin says; her friends might be expected at a moment's notice to look after her baggage or invite her to Canada.

B. A. Young

Ex-President summing-up

NO MORE VIETNAMs by Richard Nixon. W. H. Allen. £10.95, 240 pages

SHALLOW GRAVES: TWO WOMEN AND VIETNAM by Wendy Wilder Larsen and Tran Thi Nga. Random House (New York). \$16.95, 225 pages

THE VIETNAM war has not lent itself much to sober literature, far less visual art. In that sense *Bambo* is not an aberration. Nor, for that matter, is he an exclusively right-wing phenomenon. He is, in fact, the mirror-image of those anti-war crusaders for whom Vietnam epitomised everything that was wrong with the West. Jane Fonda and Sylvester Stallone, it turns out, have more in common than a good body. They are both victims of the Vietnam syndrome.

All the more reassuring, therefore, to see two new books which treat the subject squarely, if from entirely different perspectives. The first is all the more welcome since 11 years after the American dream of omnipotence was shattered in Saigon, the issue of military power as a weapon of diplomacy is, once again, at centre stage. Colonel Gadafy has replaced Ho Chi Minh in American demology. Richard Milhouse Nixon is not, of course, a man of impeccable credentials. Watergate probably damaged his bona fides irretrievably. Moreover his tendency to paper over the facts has not disappeared entirely as some passages in *No More Vietnam* indicate. His account of the secret bombings of Cambodia, for one, is questionable. It would be a pity, however, to throw out the baby with the bathwater. Whatever his past

failings Mr Nixon has produced a book which offers a most cogent analysis of Vietnam's aims in the war, America's involvement and the effect of successive policy changes.

His critique of the Kennedy and Johnson administrations' conduct of the war may be self-serving but it is also devastatingly plausible. The US, Mr Nixon maintains, never recognised that Ho was determined to unite all of Vietnam under Communist rule from the outset and never wavered from that goal. Consequently they fought with one, sometimes both, hands tied behind their backs.

Mr Nixon goes on to assert that the US, far from losing the war in Vietnam, was actually capable of achieving a military victory and was obliged to concede defeat only because of political opposition back home. Vietnam, he maintains, was not about the use but the misuse of military power.

Mr Nixon broadens his argument to assert that the guilt and self-doubt suffered by the US since the end of the Vietnam war has paralysed American foreign policy and sparked a rash of communist victories around the world. The core of his argument is that America's ineptness in Vietnam led many Americans to question using power at all. "We must not allow our failure in Vietnam," says Mr Nixon, "to blind us to the stark reality that without military power and the will to use it surgically and selectively in crucial Third World battles, we will lose the Third World war."

No More Vietnam is unlikely to appeal to the sensitivities of

European policy-makers. But it is a skilful performance and a reminder that in Mr Nixon, the US had a foreign-policy thinker of stature who counted among his achievements establishing relations with China and concluding the only ratification of a peace agreement with the Soviet Union. *Shallow Graves*, a collection of prose poems about life in Vietnam, both before and during the war, is an altogether different but no less effective work. Written by Wendy Larsen, formerly married to a *Time* magazine correspondent in Vietnam, it recounts her life in Saigon in 1970 to 1971 and the life of her friend, Mrs Tran Thi Nga, a social worker in the city and later an assistant to an American news magazine. The book is replete with the sights and sounds of Vietnam and is written with that earthy and simple eloquence which seems to come so easily to women. The first person to call a spade a spade was probably a woman. Miss Larsen's account of her life in Saigon is a camp-follower of the great American Press corps is witty and perceptive. But it is only a foretaste of *Tran Thi Nga's* story which wanders across the poetic landscapes of southeast Asia like the Mekong river. Born in southern China, Tran was swept backward and forward, eventually ending up in Saigon from where she escaped not long before the North Vietnamese took the city. It is a sad and entirely compelling story which reminds us that there was more at stake in the Vietnam war than the honour of the US.

Alain Cass

Printers to the Crown

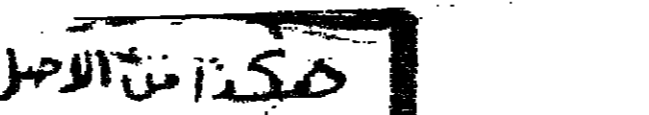
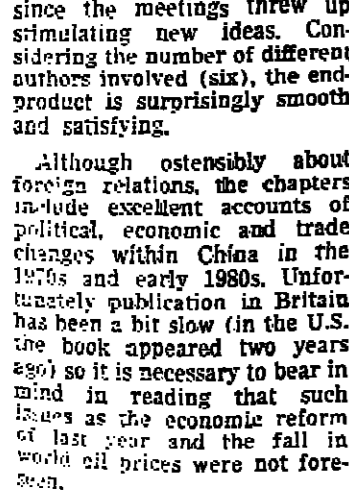
WARS AND high inflation concentrate the minds of paymasters wonderfully. In the 1970s the expense of the war against the American colonists was the immediate cause of the reform of the Royal Household and the abolition, by the second administration of Pitt the Younger, of several needless, expensive and unnecessary places of profit under the Crown. It was the first step in the more general reform of public administration which led, some 50 years later, to the creation of the modern civil service.

One of the offices abolished was that of Usher of the Exchequer, then held by Horace Walpole, whose duties included the supply through patent holders, of "paper, pens, ink, wax, sand, tape, penknives, scissors, parchments, and a great variety of other articles, to the Exchequer, Treasury and their offices." A new Treasury department, to be known as His Majesty's Stationery Office, was created to replace it, and from the start it made great savings by buying direct from manufacturers at wholesale prices.

The coronation of Queen Elizabeth II in 1953 required a series of 72 different admission cards, coded by colour and design to show the status of guests and their places. And in 1975, prior to the EEC referendum, 25m copies of three 16-page books on the pros and cons of the issue were produced under conditions in which less than a month's less impressive is the overnight production of Hansard, a responsibility acquired by HMSO in 1982 when Hansard and Eyre and Spottiswoode, the Commons and Lords printers respectively, became agents of the Stationery Office.

This bicentenary tribute, typeset in Chatham, printed in Bristol and bound in Bath, is elegantly produced and very moderately priced; would that those museums still using HMSO could produce catalogues, even without colour, to sell at £5! Hugh Barty-King is an experienced historian of official bodies and his book is as lively as an official history, covering 200 years in 140 pages of text can find space to be. Like an annual report from management, I would have liked a more critical approach, in particular, to HMSO's Publications Division whose pricing, marketing and distribution still do not seem to me to match the expertise, in their own fields, of Print Procurement and Production. And several of the photographs of computers, conferences, lobbies and office equipment could have been replaced with examples of some of the many outstanding (and prize-winning) HMSO book designs.

Gillian Dickinson



# Pacific harmonies

SEEN from New York (according to the foreboding perspective of the famous New Yorker front cover illustration) America is a vista of cornfields and desert, cut short a few hundred miles west of Manhattan by the deep blue sea. From right over there in the west, beyond the cornfields and just beyond the desert, the perspective looks different. The Manhattan skyline, and the preoccupations of New England, are out of sight and largely out of mind. The prevailing view, like the prevailing winds, is not eastwards across the continent, nor across the Atlantic to Europe, nor turned with parental satisfaction in upon itself—but towards, rather, across the water to the lands which border the largest ocean in the world: the Pacific Basin, the Pacific Rim, or as it came to be known in San Diego for ten or twenty years this month, The Pacific Ring.

It was the idea of the University of California, San Diego (known for short ever where in the state as UCSD), led by its Department of Music, to celebrate the first quarter-century of the University with a festival not of Californian or European or North-East American art, but of music from the whole area of the Pacific basin—lending a semblance of unity at least to the multifarious enterprise by grouping events (whenever they could reasonably be grouped) under four headings of "Collaboration," "Extension," "Technology" and "Ensembles." San Diego was thus strictly geographical (as distinct from Seattle's Ring, 1,500 miles up the coast, which is strictly Wagnerian)—it was characteristic of the very non-European nature of the festival's consciousness that none of its organisers had even considered the possibility of Wagnerian resonance or ambiguity in the name.

There had been festivals before at San Diego, but generally in collaboration with other bodies such as CalArts in Los Angeles, and never before on such a scale. The Pacific Ring Festival this year was host to composers, artists and performers from California, Korea, Japan, the Philippines, Indonesia, Java and Bali, Australia, Singapore, Guatemala and Mexico. There were concerts, a dozen in all, from a *capella* choral works to real-time computer essays to exuberant gamelan.

There were lectures: by the critic Alan Rich on Robert Erickson, the elder statesman of mainstream Californian composers (sadly too ill to be present at the festival); by Gordon Mumma, the composer and teacher from Santa Cruz, on new music in South America; by Richard Moore, the director of UCSD's Center for Music Experiment (of which more in a later article) on the New Technology. There were films and video shows — among which notably Michael Blackwood's masterly studies of the Japanese architect Arata Isozaki and of the musicologist Colin McPhee. Without judicious planning the whole affair might easily have turned into just another ephemeral Californian fantasy, a celebration of a "new culture" without real sense or centre. But the programmes were



John Cage, provocative presence at the Pacific Ring

imaginatively and thoughtfully chosen, and the themes arranged with care. There was no sense of bluster, and remarkably little jargon, in the proposition. What emerged during the 10 days was not just a pretty west-coast pot-pourri, but a celebration of a real and fascinating arena of cross-fertilisation—sometimes underpinned by European values, but in all cases distanced from them, in which moreover other non-European traditions, perspectives and values entirely tended to predominate.

No Pacific Ring Festival would have been complete without the two American composers who have moved most decisively away from the styles and standards of the European tradition, Harry Partch and John Cage—inevitably Californians both, and each an artist who looked west from California for much of his inspiration. Partch died in 1976, but he was represented by one of his major works played on the extraordinary instruments he designed and built himself (now renovated and housed at San Diego State University). John Cage himself, however, 75 this year, and still of irrepressible energy and good humour, was a buoyant, provocative presence during the festival's first five days. His spirit, and his plentiful verbal interventions, public and private, rather than his actual compositions, were everywhere in the air—performances of an early piece for solo piano called *Four Walls*, which Cage composed for Merce Cunningham in 1944; dark, somnorous, full of silences and foreboding, an uncharacteristically "expressive" essay from the days before chance operations and Zen Buddhism; beautifully played at a late-night concert by Margaret Leng Tan. The fraternal spirit of Cage was certainly present in the work—installation—rather than composition—entitled *Something Pacific* 1986 by the Korean composer Nam June Paik, which was unveiled on the

first day of the festival inside and outside UCSD's Meigs Center: a video installation of a dozen screens to be "played" upon by passers-by, engraving, but rather complicated to deal with effectively. The Cagean resonance was all-pervasive in the premiere of a substantial new work called *Vis-a-vis*, composed and performed by the duo ensemble comprising the singer, Philip Larson and the trumpeter Edwin Harkins who go collectively under the name of "THE." Their score was originally to have been the result of close collaboration between Larson, Harkins, Cage and the Japanese composer Toru Takemitsu; but in the event (a far more authentically Cagean procedure) both Cage and Takemitsu merely submitted proposals and bass materials in the form of words, notes and a tape, which "THE" might then treat as they wished. The result was a piece 80 minutes long, using a huge array of stage props and technical equipment, part music, part theatre, part music-theatre, enthusiastically received by a large public on two consecutive evenings, but somewhat sourly and uncomprehendingly dismissed by the Californian critics. The theatrical elements of *Vis-a-vis* were a hybrid of the performance-theatre of Robert Wilson, the humour of Monty Python (John Coltrane and Jack Nicklaus are two of the ensemble's many self-confessed influences), and the static, gravely ritualistic theatre of the *Far East*.

The piece was often very funny; but to emphasise its zaniness would be to underrate its qualities of strikingly imaginative (and sometimes sparsely delicate) invention. I loved the verbal "mess" produced by Cage from a text by Marcel Duchamp was electronically transformed into a "musical sculpture" for solo trumpet; the idea may sound pretentious, but musically the effect was beautiful and strangely stirring.

Dominic Gill

# New Wozzeck from Wales

THIS week the Welsh National Opera unveiled Lavinia Cui's new production of Berg's first opera, and in its own terms it made a considerable impression. Berg's terms are slightly different, I think, and leave room for a deeper impression; but Cui's are honest enough, quite clever and showily consistent. With a good cast and Richard Armstrong as conductor, the music is projected with keen sympathy.

Cui's scene-setting is done chiefly with giant metal coils, in long segments that can be hung like stalactites or laid down to make hedges, walls, barriers; and with regimented crowds, who form a hostile background even to intimate scenes. On the basic corrugated platform both coils and crowds are noisy to shift about, and Berg's orchestral interludes suffer. Cui's anyway likes to start the next scene in mid-interlude, and each of the three acts begins with (more or less) silent, symbolic mime before the music is allowed to enter—we are not to forget that we are watching a production.

While *Wozzeck* and his Marie play out their hopeless little tragedy, Cui's stiff-backed, stubbly barbed crowds represent bourgeois hypocrisy in its familiar theatrical guise. They would do for *Katya Kabanova*; but the much earlier Büchner play is something else. Büchner's

themes are—above all—the cruelly neglected condition of the *Lumpenproletariat*, and secondly blind passion (clinically observed) and also the deadly lure of clinical observation itself. (Büchner was both a young humanist firebrand and a sensitive medical student.) Social hypocrisy has no role: the only authority-figures, the Captain and the Doctor, are caricatured as irresponsible, self-absorbed loonies. What ruins *Wozzeck* is brutal disadvantage, not Victorian moralising.

Philip Joll's anti-hero is musically sung, mild, classlessly decent—a lamb to the slaughter, not Büchner's wetly eloquent mist (like a madler Peter Grimmel, the English version is bland, and Joll gives no extra bite to the words. His slattern is Eiddwen Harri, who is strongly Welsh-natural and passionate, decidedly loud in confessional passages, with an alluring poise rather beyond poor Marie's condition. The virtues of both these performers should develop well, Sean Rea's Doctor is suitably imposing and abstracted; a little more flamboyant obsession would help. Nigel Douglas etches the Captain as a grizzled, dandy, quite harmless, most vividly stylised. Both of them wear Cui's compulsory half-masks with flair, whereas *Wozzeck* and Marie are somewhat stifled by them and



Substance and shadow—scene from Wozzeck

Warren Ellsworth's lusty, gangly Drum Major is almost turned into a Creature from the Black Lagoon. Michael Clifton-Thompson makes a cleanly fervent Andre; Anne Jordan's Margaret is a good, bouncy cartoon. Harry Nicoll's gentle *Idiot* is sent into the action sniffing for blood long before his official

arrival. The two Apprentices are Peter Mussochi and Quentin Hayes, efficient but restrained with their drunken oratory. At the end, Marie's orphaned son sings his "Hopp, hopp!" without even a hop, let alone a hobby-horse, just as *Wozzeck* has to cut Marie's throat and later hunt up the fatal weapon without a visible knife. It

materialises in time for him to cut his way into a canvas pool-surface and mime drowning in it—an operation so interesting that one quite forgets to be moved, though the stage-picture is striking.

In short, Cui's has realised the opera in visual terms that are not only schematic but distinctly obtrusive. Yet the thread of the real action is not lost; and Armstrong is acute enough with the score—granted that in Cardiff's New Theatre a pianissimo is hard to contrive, the orchestra being perpetually forward—that the explosions of frustrated feeling always tell. (An exception is the great union-note howl after the murder, which is scathed by the premature curtaining of Cui's house-dancers.) If some of the acid, grotesqueries are underdone, the big lyrical outbursts are treated on amore.

It may be that Armstrong's superbly unfrilled, long-sighted view of Wagner hasn't adapted yet to Berg's more radical conviction. He passes swiftly from almost without taking breath: every fragment is pungent, often heartfelt, but we are hardly given pause to register their special expressive weight. It is of course a hindrance that the details to which the score is geared are left invisible by Cui's, and that contrariwise he likes to continue some strands of the story as attention-grabbing counterpoints to the scenes Berg was actually setting. The net result is some piercing musical moments and a stream of graphic visuals, with the twin meeting to reinforce each other just now and then.

David Murray

# Kent double bill

KENT Opera brings to the Brighton Festival not only the *Figaro* they are shortly taking to Vienna but a new double bill of Rameau's *Pygmalion* and Purcell's *Dido and Aeneas*. The result is good enough to strike a blow against heavy public prejudice in the face of composite entertainment. For both operas Mark Tatlow is the conductor. Mary Forey the producer/choreographer, Roger Butlin the designer.

*Dido* comes second but being familiar may be described first. It is played on a giant crimson lion-skin, with the small but excellent chorus, from which singers of small parts are drawn, ranged on tiers in

shades of deep red. Patricia Rozario and Peter Harvey as Belinda and Aeneas, each role difficult in quite different ways, are notably successful.

*Dido* is Hélène Belavault, one of Peter Brook's Carmens and the star of *Le Tango stupéfiant*. In appearance tall and sultry, she is nearer the ideal tragedy queen than the conventional campy English mezzo. The voice is warm but, on Thursday evening, uncertainly controlled. Words were right at the back, plummy, seldom understandable. The poet Tate's memorable doggerel surely provides no great obstacle. One had supposed Dido's Lament to be indestructible, but even the

repeated cries of "Remember me" hardly registered. Rameau's *acte de ballet* *Pygmalion* was an enduring success in the 18th century and has never been quite forgotten. As to often with Rameau it works on two levels, extreme sophistication of means and a surprisingly direct impact. The idea is slight but suggestive. Pygmalion has fallen in love with the statue on which he is working. Rejecting his human adorer Céphise he invokes Venus, who sends Cupid to bring the statue to life. She responds. Pygmalion's friends assemble to celebrate the couple's happiness. What happens afterwards is left to the imagination.

Rameau's seeming indifference to the quality of his texts concealed a craft determination to get the right scaffolding for musical architecture more complex than appears at first hearing. Here he starts with spiky, extended overture, then works up from scenes of short "airs" and expressive declamation to a big dance-finale. This begins with a finely contrived sequence of short dances (one of them a miniature Chaconne 16 bars long) during which the statue is put through her paces, followed by longer dances contrasted with triumphant solos for Pygmalion. Julian Fyke, a well-graced singer, does not wholly command the brilliant top register these solos need—few tenors do, in France or anywhere else—but he made the besotted sculptor sympathetic. Patricia Rozario as the statue fully explained Pygmalion's passion. She made every word of Anne Ridler's translation clear. Mary Beverley sang Venus—into

whom her son Cupid has been pointlessly transformed. At later performances Mr Tatlow may draw even more character from the company's baroque orchestra in Rameau's ever-inventive dances.

*Pygmalion* in this staging is set in an artist's studio about the turn of the century, with long frocks and trousers. Colours are dark except for the creamy-white dancers, who wear the same costumes in both operas—their hereafter style is better suited to Purcell than to Rameau. There is no suggestion at all of the pleasure-devoted French regency. The music demands a bit of leg, but here even Venus looks like a debutante's mum. Nonetheless, with all reservations, an evening of high accomplishment.

Ronald Crichton

# Talking to the animals

## Radio

THE Daily Mirror didn't break up the Wilson government, Lord Cuddip said in his talk, *Headlines, Deadlines* on Radio 4 yesterday. It hadn't the power, and it hasn't today. The duty of the press is to inform public opinion, not lead it. That was the most significant thing he said. For the most part he was autobiographical, telling, for instance, how, at the age of 14, he wrote 3,000 words on *The Messiah*, which he had never heard before. (He put in all the names and addresses of the 242 members of the choir.) But whatever he said was tinged with a peculiar authority and humour, the source, no doubt, of his influence.

By way of contrast, I listened to the mornings to Derek Jameson on Radio 2. He too has edited national newspapers. But in between the records he had nothing serious to say. The hot line to the tortoise expert in opinion might well make a front page story in a modern pulp daily, and Mr Jameson pursued it keenly. Such a chase after interesting trivialities is hardly likely to influence public opinion.

Yet is the tortoise hot line any less important than the problem of whether chimpanzees can be taught to speak? This was the subject of the last two of Professor Colin Blake-more's talks on Radio 2. In Monday's talk we heard how two American scientists had trained their chimps to communicate through American sign language, using combinations of signs to express such complicated ideas as "open-food-cup" meaning refrigerator. In Wednesday's talk, another American scientist reckoned that such combinations were probably fortuitous. At least this kind of research is used in serious disciplines like psycholinguistics and behaviourism, matters unlikely to make the front page of *The Sun* until a chimp falls in love with another chimp.

Nigel Stock played in two good drama productions. He was Crocker Harris in a repeat of Rattigan's *The Browning Version* on Radio 4 on Sunday

—the best one-act play I know, and very well done indeed under Ian Coterrell's direction. Last night he was Iwakichi Honda, an old man who follows his hopeless passion for a woman dress-designer beyond the suicide to which he is driven by the woman's frivolous friends trick him into believing that his love is returned. The play, by Yukio Mishima, translated by P. G. O'Neill, was given a rather more exalted direction by Ned Chaillet than I should have thought it earned, with quasi-Oriental music by Dominic Muldowney. An interesting piece, all the same, and well played.

One of the unseries items in Sunday's *New Premises* on Radio 3 proposed a feminist drama society who believed that Shakespeare's plays were written by Ann Hathaway. And the next day Marilyn Butler spoke, also on Radio 3, about the Australian Dale Spender's book claiming that the novel was a woman's invention. It doesn't actually insist that Smollett and Defoe were ladies.

B. A. Young

# Gallic galleries

## Antiques

THERE is a special zest this year to the "Five days of the objet extraordinaire," which ends on Monday and once again brings us to Paris's Left Bank antiques quarter, inaugurated by Jacques Chirac, who now combines the posts of Prime Minister and Mayor of Paris, and his wife, the very Parisian happening is currently celebrating its tenth anniversary. The 130 antique dealers grouped around the rue du Bac, the quai Voltaire, rues des Saint-Pères and de l'Université are vying more than ever to produce unusual or historically interesting exhibits. The diversity of their specialisations contrasts with the French flair for a striking *mise en scène* heightens the pleasure and the surprise of the occasion.

An 18th century clock on a wall bracket catches the eye in the showroom window of Jacques Perrin, 3 quai Voltaire, by the exceptional quality of its marquetry, its gilded bronze ornaments and its 1.5 metres height. You enter and are dazzled by the splendour of a 17th century desk and 18th century chest of drawers. A few doors away Galerie Altero has a suite of eight panels painted on silk—China, 18th century—describing the successive stages of porcelain manufacture. There are craftsmen shaping the different pieces, others packing them for baking, yet others painting them, while the master welcomes a prospective buyer on the doorstep. Just as these illustrations were targeted for

commercial reasons at European consumers, so too was the production of porcelain marketed by the Compagnie des Indes—sometimes with incongruous results. At Lucien Vigneau, in rue des Saint-Pères, you can see two mid-19th century plates portraying Christ's Resurrection, a theme which could not be more alien to Emperor Kien Long, during whose reign they were painted. At Air de Chasse, in the same street there are two porcelain vases made in Paris. They date from the end of the 18th century and are in the shape of two hunters in flower-printed jackets, restraining the hunting



Magda Hamsber

# Hungarian mainstream

## Records

JANOS DECSENYI: *Szidor Webers' 12th Symphony; Roads; String Quartet; Epitaph from Aquilum.* Various artists, Hungaroton SLPX 12556.

MIKLOS KOCSAR: *Capricorn Concerto; Variants for orchestra; Five Movements for clarinet, strings and harpsichord; Metamorphoses.* Various artists, Hungaroton SLPX 12134.

KAMILLO LENDVAY: *Canata "Scenes"; The Harmony of Silence; Fifth Music for Arrogant Men.* Various artists, Hungaroton SLPX 12516.

KLARA KORMENDI: *Piano recital of works by Durkó, Bozay, Stockhausen, Cage and Xenakis.* Hungaroton SLPX 12569.

A recent clutch of Hungaroton records—Hungaroton is distributed in the UK, and available to order at all good record stores—includes single-composer collections of three serious masters: Hungarian composers, all now in their mid-60s, whose work is comparatively little known in England. It is fair to say that anyone looking for definitive masterpieces of the century will not find them here, but in lower key, they nonetheless contain much of interest and pleasure.

Although János Decsenyi (b 1927) has composed in a wide range of genres, from symphonic works—and puppet plays to theatre and puppet plays to electronic essays and electronic symphonic pieces, the greater part of his output is of chamber dimensions. He shares, it would appear, with his contemporary Byörgy Kurtág a predilection for small ensembles and powerful, small compressed, economical, fully evocative musical simplicity.

His short piece for soprano and percussion entitled, somewhat whimsically, *Szidor Webers' 12th Symphony* is in many respects a very Kurtág-like disquisition. And his *Roads*, a collection of eight tiny "Etudes" for soprano and piano, display

an uncannily similar preoccupation with tiny shifts of line and colour (both are beautifully sung on this record by the soprano Adrienne Csengery, who is also one of Kurtág's chief vocal protagonists). *Epitaph from Aquilum* is one of my favourite Decsenyi works, which I heard first during the Budapest Music of Today festival five years ago: a little essay, barely 14 minutes long, for soprano, electric organ and strings, alive with delicate surprises, as remarkable for the simplicity of its texture as for the density and subtlety of its resonance.

Kamilló Lendvay's *Fine Arrogant Ideas* are five high-spirited sketches for the unconventional combination of three trumpets, two trombones and tuba—good, clean fun, with some nice Stravinskian side-glances, wittier and sharper than simple pastiche. His *The Harmony of Silence* is an accomplished piece of night-music in a post-Bartókian vein—unfolding from a single note, overtone by overtone, until a melody emerges, moving in slow waves to its climax.

Perhaps Lendvay (b 1928) is surest and most convincing in miniature—*Fifth Music* for solo cello is a short study built with confident economy from cells of perfect and augmented fifths (splendidly played by Csaba Onczay). But I found the 24-minute *Canata Scenes*, based on three episodes of the love-story of Rachel and Jacob in Thomas Mann's tetralogy *Joseph and his Brothers*, over-extended; some striking ideas, which would have seemed less isolated if they had been distilled into a work rather less than half the resulting length.

Miklós Kocsár (b. 1933) wrote his *Capricorn Concerto* for flute and chamber ensemble eight years ago for the English Capricorn Ensemble—and this performance features the splendid playing of the flautist István Matuz, with its

spectacular timbral range from deep-throated *shachu-hachi* tones to the thinnest reed-pipe warble. It is a gentle, lyrical, cogent piece, not wildly remarkable, but engaging—as too are the more dramatic orchestral pieces on Kocsár's disc, *Variants for orchestra* and *Metamorphoses*, both of which are informed by a pleasing sensitivity to orchestral colour, and by an unusually self-critical sense of pacing and length. One of Kocsár's distinct virtues is that he never goes on too long, and senses the limitations (as well as the potential) of his material keenly. *Variants* and *Metamorphoses* are 10 and 15 minutes long respectively; how many composers these days know when to stop when the natural span of their ideas is exhausted?

A brief note of commendation for the pianist Klára Kormendi, whose adventurous recital includes a fine account of Stockhausen's *Klavierstück IX*, a confident, quicksilver navigation through the virtuosic *Mist of Xenakis*; and a stylish performance of five of John Cage's *Sonatas and Interludes* for prepared piano (the difficulty with performing prepared piano pieces in Eastern Europe, Cage once told me, is that no one there will let you stick nails and folded paper and rubber wedges between the strings, and even if you manage to put them there, they sneak in and take it all out again before the performance; but Miss Kormendi has evidently solved the problem).

Bozay's *Piano Piece No 7*, even if it is not evidently a homage to Stockhausen, whirrs through many of the more familiar Stockhausen gestures to nearly the same effect. Bozay's excitement with the keyboard medium is infectious. Zolt Durkó's is more constrained—his *Son et lumière* I found rather dry by comparison, less exuberant, more self-consciously schematic.

Dominic Gill

**CHRISTIE'S**  
The Edward James Collection  
at West Dean Park, Chichester, Sussex  
Sale  
Monday 2 June to Friday 6 June  
Viewing  
26 May (Bank Holiday) to 30 May at 10 a.m. to 6 p.m.  
and Saturday 31 May at 10 a.m. to 5 p.m.

The sale includes English, French, German and Italian furniture, European and Oriental porcelain and works of art, fine Japanese lacquer, Fabergé, Silver and finely bound books, as well as a select group of modern pictures.

Catalogues available from (01) 582 1282 and from West Dean on view and sale days or from the addresses below. Price on request.

Robin Loder, Leonardlee Gardens, Lower Beeding, Nr Horsham, West Sussex. Tel: (040376) 305  
8 King Street, St. James's, London SW14 6QT  
Tel: (01) 839 9060 Telex: 916429

**CHRISTIE'S**  
ST. JAMES'S  
8 King Street, London SW1. Tel: 01-839 9060  
Wednesday 28 May at 11 a.m.  
CLOCKS AND WATCHES  
Thursday 29 May at 11 a.m. and 2.30 p.m.  
FINE CONTINENTAL FURNITURE, TAPESTRIES,  
EASTERN RUGS AND CARPETS  
Thursday 29 May at 11 a.m. and 2.30 p.m.  
VALUABLE AUTOGRAPH LETTERS,  
HISTORICAL DOCUMENTS AND  
LITERARY MANUSCRIPTS  
Friday 30 May at 11 a.m. and 2.30 p.m.  
PRINTED BOOKS  
Friday 30 May at 11 a.m.  
CONTINENTAL PICTURES OF THE  
19th and 20th CENTURIES  
Tuesday 27 May at 6.45 p.m.  
CYPRIEN KATSARIS AT CHRISTIE'S  
LISZT PIANO RECITAL  
Tickets £8. Further details of the concert series  
from Jonathan Price or Patricia Knights  
on 01-839 9060  
Christie's South Kensington is open to 7 p.m. on Mondays.  
For information on the 11 sales this week please telephone  
01-581 7611  
Christie's have 25 local offices in the UK. If you would  
like to know the name of your nearest representative  
please telephone Can-line Telex on 01-581 7611

